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Aaron L. Friedberg — The Strategic Implications of Relative Economic Decline

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From the Editor:

In this issue . . .

G. JOHN IKENBERRY explores United States policies toward European postwar reconstruction and international order in an effort to understand the origins and nature of American hegemonic power. He argues that despite the preponderance of American economic and military capabilities after World War II, the United States was less successful in carrying out its postwar policies than often thought.

AARON L. FRIEDBERG analyzes the strategic implications of recent changes in America's position in the world economy. He concludes that these shifts could impose subtle but powerful constraints on U.S. freedom of diplomatic and military action.

LAWRENCE S. FINKELSTEIN argues that it is wrong to fear war between East and West in Europe because of the presumed imbalance of conventional military forces. Such a fear unnecessarily threatens the consensus that should be the primary aim of NATO's policy.

DAVID MCKAY shows that since the 1960s a major change has occurred in the way in which the presidential veto has been wielded. In what is now a much more confrontational executive/legislative environment, the veto has been increasingly applied to major bills. Evidence exists to suggest that this change is not merely a symptom of divided party control.

DAVID E. KYVIG identifies a turning point in political attitudes toward U.S. constitutional amendments, ending three decades of significant amending activity. He discusses FDR's exploration and rejection of proposing an amendment during his battle with the Supreme Court in 1937.

RICHARD P. NATHAN and CHARLES F. ADAMS, JR. update their earlier *PSQ* study of urban hardship and expand the analysis with two additional perspectives on urban conditions—poverty concentration and central business district retail activity. They find that hardship conditions between suburbs and cities and across cities have increased substantially.

LARRY WALKER offers a broad review of Woodrow Wilson's influence on twentieth-century administration. Through examination of Wilson's role in the academic and political reform movements of his day and of his presidency, Walker argues that Wilson had a substantial role in the shaping of American public administration and political science.

DEMETRIOS CARALEY

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Rethinking the Origins of American Hegemony

G. JOHN IKENBERRY

In recent years no topic has occupied the attention of scholars of international relations more than that of American hegemonic decline. The erosion of American economic, political, and military power is unmistakable. The historically unprecedented resources and capabilities that stood behind United States early postwar diplomacy, and that led Henry Luce in the 1940s to herald an "American century," have given way to an equally remarkable and rapid redistribution of international power and wealth. In the guise of theories of "hegemonic stability," scholars have been debating the extent of hegemonic decline and its consequences.[1]

Although scholars of international political economy have analyzed the consequences of American hegemonic decline, less effort has been directed at examining the earlier period of hegemonic ascendancy. Theorists of hegemonic power and decline pass rather quickly over the early postwar period. In rather superficial fashion, it is assumed that the United States used its power to organize the operation of the non-Communist international system—to "make and enforce the rules for the world political economy" as one scholar put it.[2] While the rest of the in-

[1] Recent discussions of the implications of American decline include Robert Gilpin, "American Policy in the Post-Reagan Era," *Daedalus* 116 (Summer 1987): 33-67; and Paul Kennedy, *The Rise and Fall of the Great Powers* (New York: Random House, 1988); David P. Calleo, *Beyond American Hegemony: The Future of the Western Alliance* (New York: Basic Books, 1987).

[2] Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, N.J.: Princeton University Press, 1984), 37.

G. JOHN IKENBERRY is assistant professor of politics and international affairs at Princeton University. He is the author of *Reasons of State: Oil Politics and the Capacities of American Government*, coauthor of *The State* (with John A. Hall), and coeditor of *The State and American Foreign Economic Policy*.

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dustrialized world lay in economic and political ruin, American resources and capabilities were at their peak. Out of these historical circumstances, the conventional view suggests, the United States got its way and created a postwar order of its choosing.

This conventional view, wielded by those scholars more interested in hegemonic decline, requires closer attention; and so it is useful to reexamine the origins and character of American power in the early postwar era. The questions are several: How was U.S. hegemonic power used after World War II in constructing the postwar world order? How successful was the United States in creating a postwar order of its choosing? What did the United States want and what did it get in the early postwar years? Most importantly, what does a hegemonic state, such as the United States, do when it is being hegemonic?

The answers to these questions require us to rethink the nature of American hegemonic power. I argue that the United States got both less than it wanted and more than it bargained for in the early postwar period. In terms of the ideals and plans it originally articulated, the United States got much less than it wanted; in terms of direct involvement in leading the postwar western system, it got much more involved than it wanted. The United States was clearly hegemonic and used its economic and military position to construct a postwar order. But that order was not really of its own making. There was less exercise of coercion than is commonly assumed in the literature on hegemonic power, and where it was used, it was less successful than often thought.

I want to make three general points. First, the early efforts by the United States to build a postwar liberal multilateral system largely failed. Those efforts, in part attractive to the United States because they did not require a direct political or military presence in Europe, failed because of the rise of the East-West struggle and the underestimated problems of postwar economic and political reconstruction in Europe. Second, at each step along the way, the United States sought to minimize its direct (that is, formal, hierarchical) role in Europe. It was the European goverments that sought to elicit and influence the projection of U.S. power into Europe—and they did so primarily for security and resource reasons. In short, U.S. hegemony in Europe was largely an empire by invitation. Third, while European nations sought to promote U.S. involvement in Europe, they also acted to rework the liberal, multilateral ideas that initially propelled the United States during and after World War II. In effect, the European nations successfully modified liberal multilateralism into a welfare state liberalism (or embedded liberalism). The United States tried to use its power to create a system that would allow it to stay out of Europe—a sort of self-regulating and automatic international political economy. This failed, and the United States was drawn into a more direct role in Europe, defending a system that the Europeans themselves effectively redefined.

This article traces the evolution of U.S. policy as it reveals the mechanisms and limits of hegemonic power. U.S. policy traveled through different phases: the one world ideals of liberal multilateralism (1941–1947); the shift to a two worlds concept and the attempt to build a United Europe (1947–1950); and the subsequent

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emergence of an ongoing and direct American political and security presence in Europe—an empire by invitation. A close historical reading of policy change suggests the need to rethink the nature and limits of U.S. hegemonic power.

Theories of Hegemonic Power

The central claim of hegemonic stability theory is that a single Great Power is necessary to create and sustain order and openness in the international political economy. Accordingly, *Pax Britannica* and *Pax Americana* both represent historical eras when a hegemonic power held sway and used its dominant position to ensure an orderly and peaceful international system. Reflecting this position, Robert Gilpin argues that "Great Britain and the United States created and enforced the rules of a liberal international economic order."[3] Likewise, as the power of these hegemonic nations declines, so also does the openness and stability of the international economic system. The decline of Britain's nineteenth-century order foreshadowed the decline of America's postwar system. In each era it was the dominant role of the hegemonic nation that ensured order and liberal relations among nations.

This thesis draws powerful conceptual links between the rise and decline of nations and the structure of international relations. Scholarly interest in this type of argument was stimulated by the writings of Charles Kindleberger and Robert Gilpin. In a study of the sources of the Great Depression, Kindleberger argued that the stability of the pre-World War I international political economy rested on the leadership of Britain.[4] This leadership role involved the provision of a variety of collective goods, in particular the willingness of Britain to extend credit abroad and to maintain open markets at home. In the midst of falling commodity prices beginning in 1927 and the emerging shortage of international credit, the United States failed to act in a counter-cyclical manner to reverse the flow of funds and raised protectionist barriers. The collapse of the system in the interwar period was due to the absence of a hegemonic leader able and willing to maintain open markets for surplus goods and capable of maintaining the flow of capital. Kindleberger argues that the return to mercantilist relations in the interwar period was largely due to the inability of a weakened Britain to continue to play this leadership role and the unwillingness of the United States to take up these international responsibilities.

Similarly, Robert Gilpin developed a theory of global leadership emphasizing the active role of the hegemonic nation in creating and sustaining international economic and political order.[5] The rise of a hegemonic nation, Gilpin argues,

[3] Robert Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1981), 145.

[4] Charles P. Kindleberger, *The World in Depression, 1929–39* (Berkeley: University of California Press, 1973).

[5] Gilpin, *War and Change.* An earlier formulation of hegemonic power emphasizing similarities

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"resolves the question of which state will govern the system, as well as what ideas and values will predominate, thereby determining the ethos of succeeding ages."[6] In this formulation, the hegemonic nation dominates the creation of the rules and institutions that govern international relations in a particular age. Gilpin's argument was that Britain undermined its own economic base of hegemonic power by investing heavily in overseas production at the expense of its own economy.[7] In the twentieth century, moreover, the United States was in danger of repeating the cycle of hegemonic decline and instability.[8]

In these studies and in the literature on hegemonic stability that they continue to inspire, attempts are made to find systematic links between the prevailing distribution of power (that is, military capabilities, control over trade, capital, and raw materials) and the organization of international political and economic processes. In doing so, these theories share several assumptions. First, they tend to conceive of power in traditional resource terms. Reflecting this position, Robert Keohane defines hegemony as "preponderance of material resources."[9] Thus, the constitutive elements of hegemonic power, as it relates to the world political economy, include control over raw materials, markets, and capital as well as competitive advantages in highly valued goods. Second, according to this perspective, these material resources provide the means for the hegemon to "make and enforce the rules for the world political economy."[10] Power is exercised by the hegemon primarily through the use of coercion, inducements, or sanctions. In effect, power is manifest as arm twisting.

While sharing these basic assumptions, scholars working in this tradition disagree over the manner in which hegemonic power is exercised.[11] Some writers, such

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in the rise and decline of *Pax Britannica* and *Pax Americana* is in Gilpin, *U.S. Power and the Multinational Corporation* (New York: Basic Books, 1975).

[6] Gilpin, *War and Change*, 203.

[7] Gilpin, *U.S. Power and the Multinational Corporation.*

[8] Gilpin notes: "Much as it happened in the latter part of the nineteenth century and the interwar period, the relative decline of the dominant economy and the emergence of new centers of economic power have led to increasing economic conflicts. During such periods of weak international leadership, international economic relations tend to be characterized by a reversion to mercantilism (economic nationalism), intense competition and bargaining among economic powers, and the fragmentation of the liberal interdependent world economy into exclusive blocs, rival nationalisms, and economic alliances." "Economic Interdependence and National Security in Historical Perspective" in Klaus Knorr and Frank N. Trager, eds., *Economic Issues and National Security* (Lawrence: Regents Press of Kansas, 1977), 61.

[9] Keohane, *After Hegemony*, 32.

[10] Ibid., 37.

[11] Duncan Snidal makes a distinction between hegemony that is benign and exercised by persuasion, hegemony that is benign but exercised by coercion, and hegemony that is coercive and exploitive. Snidal, "Hegemonic Stability Theory Revisited," *International Organization* 39 (Autumn 1985). In another effort to distinguish between types of hegemonic power, Hirsch and Doyle note those of cooperative leadership, hegemonic regime, and imperialism. See Fred Hirsch and Michael Doyle, *Alternatives to Monetary Disorder* (New York: McGraw Hill, 1977), 27.

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as Kindleberger, see that power as basically benign, centering around the provision of public goods and leadership.[12] The image of the hegemon in this formulation is that of an enlightened leader, submerging narrow and short-term national interests to the preservation of a well-ordered and mutually beneficial international system. Others stress the importance of self-regarding actions by the hegemon directed at the creation and enforcement of the essential rules of the system.[13] Here the image is of a much more coercive hegemon, structuring the system to strengthen its own international economic position.

The debate within this literature tends to focus on the implications of the loss of American hegemonic power. The questions at this level are two-fold. One concerns the manner and extent to which the loss of hegemonic power has impacts on international regimes. The debate here is about how autonomous and powerful regimes may be as an independent force for order and openness, even with the declining hegemon playing a less constructive role.[14] A second debate asks the prior question of the extent to which the United States has in fact lost its hegemonic capabilities.[15]

This literature provides fertile ground for research on American power in the postwar period by drawing bold lines between the rise and decline of nations and the international political economy. Its power is in its simplicity, and the images it presents are evocative. Nonetheless, it suffers from at least two problems—one theoretical and the other historical. Theoretically, the literature suffers from the absence of a clear theoretical understanding of the manner in which hegemonic power is manifest as it promotes international order and openness. The mechanisms and the texture of hegemonic power has not been captured in the literature. Susan Strange notes that "we have not clearly understood the alternative ways hegemons exercise power and the alternative uses to which their power may be put."[16] What factors determine when and how the rich and militarily strong nations are able to convert their power into hegemonic domination? Through what mechanisms and processes does power manifest itself? Why do some states come to accept, even invite, the rule of the hegemon, while others resist? And how do

[12] Kindleberger, *World in Depression*; see also Kindleberger, "Dominance and Leadership in the International Economy," *International Studies Quarterly* 25 (June 1981): 242-54.

[13] Gilpin, *War and Change*; Stephen Krasner, "State Power and the Structure of International Trade," *World Politics* 28 (April 1976): 317-43.

[14] For an overview of this literature see Stephan Haggard and Beth Simmons, "International Regimes," *International Organization* 41 (Summer 1987). Some scholars, employing a sociological perspective, focus on the role of regimes as institutions that inform the process by which nations define and pursue their interests. See Stephen Krasner, ed., *International Regimes* (Ithaca, N.Y.: Cornell University Press, 1983). Others have developed microeconomic models that relate the maintenance of regimes to strategic interactions of states. See Keohane, *After Hegemony*.

[15] Bruce Russett, "The Mysterious Case of Vanishing Hegemony; or Is Mark Twain Really Dead?" *International Organization* 39 (Spring 1985); Susan Strange, "The Persistent Myth of Lost Hegemony," *International Organization* 41 (Autumn 1987).

[16] Strange, "The Persistent Myth of Lost Hegemony," 555.

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the goals of the hegemon change in the process of building international order? These questions remain unanswered because the focus of hegemonic stability theory remains fixed on the material resources of power and fails to explore the larger dimensions of power.

The second problem is historical. As noted above, the literature on hegemonic stability passes very briefly over the early phases of the cycle of rise and decline. In particular, it is assumed that the rules and institutions that emerged in the early postwar period are essentially the creations of the United States. The unprecedented position of the United States gave it a unique historical license to create international order on its own terms, or so it is thought. We are left only to trace the course of that power and analyze the fate of the rules and institutions it fathered. This image is a distortion: it is, to borrow Dean Acheson's memorable phrase, a view that is "clearer than the truth." And it serves to mislead the subsequent inquiry into the processes of hegemonic decline. If the capabilities of the United States in the early postwar period were less overpowering than commonly assumed, and if that power was exercised in less direct ways, this is important for the way we are to judge the current period of decline.

The Limits of American Postwar Power

Viewed in terms of material capabilities, the United States did occupy an overwhelmingly powerful position at the close of the war. The disparity in resources and capabilities was huge, not only in general aggregate economic and military terms, but also in the wide assortment of resources the United States had at its disposal. As early as 1900 the United States was already the world's largest industrial producer; on the eve of World War I the United States had twice the share of world industrial production as Britain and Germany, its nearest industrial rivals. This trend toward economic dominance was rendered more pronounced by the war itself, which destroyed the industrial base of the European economies and further expanded the American counterpart.[17]

The unprecedented nature of the American position is reflected in comparisons with British economic strength in the nineteenth century. While the British in 1870, at the zenith of their power, possessed 32 percent of the global distribution of industrial production, the United States held 48 percent of the global share in 1948. The scope of British and American power, in their respective eras, is often found to be similar; yet in terms of the preponderance of material resources, American power was much greater.

As the hegemonic account of the early postwar period suggests, the United States did employ its resources to help shape the global political and economic order. American oil reserves were used in the 1950s and 1960s to make up for global short-

[17] U.S. national output more than doubled in real terms during the war: American GNP rose from $91 billion in 1939 to $210 billion in 1945.

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falls triggered by a series of crises and embargoes in the Middle East. Lend-lease arrangements and loans were used to influence British commerical policy immediately after the war. Foreign aid was used to influence European monetary policy in the 1950s.[18] An entire range of postwar rulemaking and institution-building exercises were influenced and supported by the American resort to inducements and coercion, all backed by U.S. resource capabilities.

Closer historical scrutiny of the period suggests that the absence of success by the United States in implementing its liberal designs for order was more pervasive than the hegemonic account allows. American officials consistently were forced to modify their plans for a liberal, multilateral order; and they often found themselves at a loss in attempting to draw others into such a system.

In the various commercial negotiations after the war, the United States was unable or unwilling to pursue consistent liberal policies. The most ambitious efforts at trade liberalization, embodied in the International Trade Organization proposal, were blocked by the United States Congress.[19] The General Agreement on Tariffs and Trade (GATT) that did survive was less extensive, contained escape clauses and exemptions, and left agriculture trade outside the multilateral framework. In areas such as maritime rights and shipping, as Susan Strange notes, the United States also pursued less than liberal policies.[20] Moreover, despite the unprecedented power position of the United States, holding the dollars and relief funds desperately needed in Britain and on the continent, American officials were less than successful in persuading Europe to embrace U.S. policies. In a recent study, Michael Mastanduno finds that the United States was surprisingly ineffective in convincing Europe to adopt its hardline East-West trade strategies.[21] Moreover, the U.S. was unable to push the European governments toward full-scale economic integration, despite its continued efforts and the massive aid of the Marshall Plan.

From Liberal Multilateralism to a United Europe

The unprecedented opportunity for the United States to construct a postwar international order congenial with its interests and ideals was not wasted. The order that took shape in the late 1940s, however, was not what wartime planners had envisaged or sought to implement during and immediately after the war. The one world of American wartime planning gave way to efforts to build Europe into an independent center of global power; these revised plans, signaled by the Marshall Plan, in turn gave way to a bipolar system and the active courtship by Europe of American hegemonic leadership.

[18] Krasner, "American Policy and Global Economic Stability" in William P. Avery and David P. Rapkin, eds., *America in a Changing World Political Economy* (New York: Longman, 1982), 32.

[19] This does not in itself argue against the presence of hegemonic power, but it does suggest the importance of congenial domestic coalitions to support its exercise.

[20] Strange, "The Persistent Myth of Lost Hegemony," 560–61.

[21] Michael Mastanduno, "Postwar East-West Trade Strategy," *International Organization* 42 (Winter 1987/88).

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The chief focus of wartime planners was the construction of a postwar economy based on liberal, multilateral designs. The primacy of economic planning reflected both principle and prudence. It was part of the liberal faith that if the economic foundation were properly laid, the politics would follow. "If goods can't cross borders, soldiers will" was the slogan of the time, capturing the liberal faith.

The absence of postwar political and military planning also followed from more explicit wartime constraints. Franklin D. Roosevelt's vision of Great Power postwar cooperation held sway, an approach difficult to break with as long as the war persisted. Well into 1947 the idea that postwar order would be one world, with collective security and a liberal international economy, continued to drive policy in the Roosevelt and Truman administrations.

Domestic considerations, moreover, made a large-scale peacetime military commitment to Europe and a spheres-of-influence policy difficult to sustain.[22] A liberal, multilateral system would allow the United States to project its own ideals onto a world where depression and war had clearly demonstrated the bankruptcy of European ideas of spheres of influence and economic nationalism. If the United States could no longer isolate itself from the affairs of Europe, it would need to alter the terms of international politics. Only on this basis would congressional and public opinion allow the United States to play an internationalist role. A liberal, multilateral system, once established, would be self-regulating and would not require direct American involvement in Europe. For an American public eager to see its troops return home, ideals and prudence reinforced the initial American designs for postwar order.

The Failure of Liberal Multilateralism

The tenets of liberal multilateralism were several: trade and financial relations are best built around multilateral rather than bilateral or other partial arrangements; commercial relations are to be conducted primarily by private actors in markets; and states are to become involved in setting the domestic and international institutional framework for trade and financial relations, both participating in liberalizing international negotiations and facilitating domestic adjustment to international economic change.[23]

[22] Franz Schurmann argues that the isolationist heritage made a postwar internationalist strategy difficult to sustain unless it was clothed in liberal ideals. The reluctance of portions of American public opinion to get involved in the atavistic power politics of Europe weighed heavily on foreign policy officials. Such involvement, it was argued, had a corrupting influence on the exceptionalism of American politics. Internationalism, consequently, would need to involve reforming and remaking European power politics in an American image—to export American exceptionalism. Schurmann, *The Logic of World Power* (New York: Pantheon, 1974).

[23] American liberal multilateral ideas have long historical roots. They can be traced to John Hay's "Open Door" and to the third of Woodrow Wilson's Fourteen Points: "the removal, so far as possible, of all economic barriers." Richard N. Gardner's study remains the most comprehensive account of

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American officials involved in economic planning in the Departments of State and Treasury were strikingly in accord on the need for the creation of international institutions to support liberal, multilateral economic relations. All were influenced by the failures after World War I: the lack of preparation, the failure of American participation in the League of Nations, the inadequacy of attention to economic problems.[24] "The postwar planners were united in their determination to break with the legacy of economic nationalism. . . . They recognized that the United States, despite its comparative self-sufficiency, had a very great stake in the economic well-being of the rest of the world, not only because it needed foreign markets for the produce of its factories and farms, but because it needed a healthy environment on which to base its efforts at world peace."[25]

Most of the American wartime efforts to insure a liberal, multilateral system were directed at Britain. British economic planners were generally sympathetic to American liberal, multilateral ideas; but outside of the government, political groups and individuals were profoundly divided. On the Left, free markets were associated with unemployment and social injustice. Segments of British industry feared competition with American industry. On the Right, liberal multilateralism was a threat to the Imperial Preference system (providing privileged trade relations among commonwealth nations) and the remains of the British Empire.[26] In various ways these groups favored national, bilateral, or regional economic relations.

Directed primarily at dismantling British Imperial Preferences, American officials resorted to several bargaining tools and advantages. In 1941 Lend-Lease negotiations, the United States sought to tie aid to the removal of discriminatory British trade practices.[27] Compromises were achieved, and the British were able to resist a firm commitment to multilateral principles.[28]

The most far-reaching discussions between the United States and Britain over the principles and mechanisms of postwar economic order were agreed upon at the 1944 Bretton Woods conference in New Hampshire.[29] In these monetary negotiations, the British-American differences were considerable in regard to the provision for liquidity and the allocation of responsibility for adjustment between creditor and debtor countries. The British emphasized the primacy of national control over fiscal and monetary policy, the importance of biasing the arrangements to-

these ideas and their fate in postwar economic diplomacy. Gardner, *Sterling-Dollar Diplomacy: The Origins and the Prospects of Our International Economic Order* (New York: McGraw Hill, 1969).

[24] Ibid., 4.

[25] Ibid., 12.

[26] Ibid., 31-35.

[27] Article Seven to the Mutual Aid Agreement was the object of these negotiations.

[28] Gardner, *Sterling-Dollar Diplomacy,* 68. On American wartime efforts to extract British concessions on the postwar trading system, see Lloyd C. Gardner, "Will Clayton, the British Loan, and the Political Economy of the Cold War" in Gardner, *Architects of Illusion: Men and Ideas in American Foreign Policy, 1941-1949* (Chicago: Quadrangle Books, 1970), 113-38.

[29] For systematic accounts of these monetary agreements, see Gardner, *Sterling-Dollar Diplomacy;* and Armand Van Dormael, *Bretton Woods: Birth of a Monetary System* (London: Macmillan, 1978).

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ward economic expansion, and the need for a large international reserve and relatively easy terms of access to adjustment funds.

In the compromise agreement that created the charters of the International Monetary Fund and the International Bank for Reconstruction and Development (World Bank), major differences of perception remained between the British and Americans. In the American Senate debate, administration officials gave the impression that the institutional foundations had been laid for a liberal, multilateral system. Further funds would not be necessary for British economic reconstruction, and a British commitment to nondiscrimination had been achieved. The British, for their part, understood that the United States had committed itself to helping Britain in what would be a lengthy economic transition period, and that the American government would make the sacrifices necessary to insure postwar economic expansion.[30]

At the same time that British-American negotiations dealt with monetary arrangements, the framework for international trade was also debated. In 1945 a set of proposals were worked out between the two countries on commercial policy. British reluctance to endorse the full array of American proposals for nondiscriminatory trade and multilateral tariff reductions were similar to those in the monetary area. The British were not prepared to eliminate the Imperial Preference arrangements. Concerns about employment and economic stability made the British cautious of a full-blown, liberal trading system.[31]

Further efforts by the United States to use its economic preeminence to alter British commercial and monetary practices came during consideration of the British loan in 1945–1946. The core of this effort was to gain a British pledge to lift discriminatory controls earlier than mandated by the Bretton Woods agreement. Negotiations over the British loan provided the most coercive use of American power for liberal, multilateral purposes during this period. Reflecting the attitude of Congress on this issue, a congressional report argued that "the advantages afforded by the United States loans and other settlements are our best bargaining asset in securing political and economic concessions in the interest of world stability."[32] The British found little room to reject the conditions of the loan.[33]

Under the terms of the Anglo-American Financial Agreement, the British were obliged to make sterling externally convertible. Yet this action led in only six weeks to a massive drain on British reserves, forcing the suspension of convertibility. Despite its commanding bargaining position, the United States was unable to bring Britain into a multilateral order. Moreover, the chief political strength of the British

[30] For a summary of differences in American and British understandings of Bretton Woods, see Gardner, *Sterling-Dollar Diplomacy*, 143–44. See also Alfred E. Eckes, Jr., *A Search for Solvency: Bretton Woods and the International Monetary System, 1941–1971* (Austin: University of Texas Press, 1975); and Van Dormael, *Bretton Woods*.

[31] Gardner, *Sterling-Dollar Diplomacy*, 158.

[32] Quoted in ibid., 198.

[33] See Robin Edmonds, *Setting the Mould: The United States and Britain 1945–1950* (New York: Norton, 1986), chap. 8.

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(and the Europeans generally) in resisting American designs was their economic weakness. The early move toward multilateralism would not be possible.

Throughout the 1944–1947 period, the United States attempted to build a framework for international economic relations with the reconstruction of multilateral trade as its centerpiece. This objective largely failed. The most basic obstacle in the way of American policy was the economic and political dislocation of the war itself. The American proposals required, as Richard Gardner maintains, a reasonable state of economic and political equilibrium. "The multilateral system could not be achieved unless individual nations were in approximate balance with the world as a whole. Unfortunately the post-war planners did not foresee the full extent of the measures necessary to achieve such balances after the destruction and dislocation of the Second World War. . . . The institutions they built for the achievement of multilateralism were not designed to withstand the unfavorable pressures of the post-war transition period."[34] The objectives of the hegemonic power were not in balance with the power and influence at its disposal.

Moreover, in the rush to international economic rulemaking, important differences were masked concerning the proper role of governments in promoting full employment, price stability, and social welfare. These differences would reappear as the transition period of reconstruction and alliance building ended in the late 1940s.

Finally, there was the problem of the emergence of U.S.–Soviet hostilities. Ernst H. Van Der Beugel notes: "The political hopes of the United States were shattered by the nature of Soviet policy. The total ruin of Europe destroyed the hope of economic stability.[35] Taken together, the early efforts to usher in a period of liberal multilateralism were thwarted by the same forces that destroyed the wartime vision of one world. American officials were determined not to repeat the errors of World War I, but the plans themselves would need revision. In the end, as Richard Gardner notes, the assumptions of an early return to political and economic equilibrium were unfounded.[36] In political terms, the postwar world was moving toward two worlds, not one. In economic terms, the Europeans suffered from a severe dollar shortage, importing as much as seven times the value of goods they were exporting to the United States.

The Marshall Plan and a European Third Force

As the difficulties of implementing the liberal, multilateral proposals became evident, American policy began to involve efforts to bolster the political and economic foundations of Europe—to create in effect a third force. Burton Berry, a

[34] Gardner, *Sterling-Dollar Diplomacy*, 382.

[35] Ernst H. Van Der Beugel, *From Marshall Aid to Atlantic Partnership: European Integration as a Concern of American Foreign Policy* (Amsterdam: Elsevier Publishing Co., 1966), 19.

[36] Gardner, *Sterling-Dollar Diplomacy*, 294.

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career Foreign Service officer, noted in July 1947 that it was time to "drop the pretense of one world."[37] The need to search for a new approach to Europe was underscored by State Department official Charles Bohlen:

> The United States is confronted with a condition in the world which is at direct variance with the assumptions upon which, during and directly after the war, major United States policies were predicated. Instead of unity among the great powers—both political and economic—after the war, there is complete disunity between the Soviet Union and the satellites on one side and the rest of the world on the other. There are, in short, two worlds instead of one. Faced with this disagreeable fact, however much we may deplore it, the United States in the interest of its own well-being and security and those of the free non-Soviet world must reexamine its major policy objectives.[38]

American officials were forced to attend to the balance of power in Europe. Accordingly, the new policy emphasis—embodied in the proposals for a European Recovery Program (what became known as the Marshall Plan)—was to establish a strong and economically integrated Europe.[39] Importantly, the policy shift was not to a sphere-of-influence approach with a direct and ongoing American military and political presence in Europe. Rather, the aim was to build Europe into an *independent* center of military and economic power, a third force.

This new policy was advanced by several groups within the State Department.[40] The new emphasis on building centers of power in Europe was a view George Kennan had already held, and it was articulated with some vigor by Kennan's Policy Planning staff, newly organized in May 1947. "It should be a cardinal point of our policy," Kennan argued in October 1947, "to see to it that other elements of independent power are developed on the Eurasian land mass as rapidly as possible in order to take off our shoulders some of the burden of 'bi-polarity.'"[41]

Kennan's Policy Planning staff presented its first recommendations to Secretary of State George Marshall on 23 May 1947. Their emphasis was not on the direct threat of Soviet activities in Western Europe, but on the war-ravaged economic, political, and social institutions of Europe that made communist inroads possible. An American effort to aid Europe "should be directed not to combatting communism as such, but to the restoration of the economic health and vigor of

[37] Quoted in John Gaddis, "Spheres of Influence: The United States and Europe, 1945–1949" in Gaddis, *The Long Peace* (New York: Oxford University Press, 1987), 57.

[38] Bohlen memorandum, 30 August 1947, *Foreign Relations of the United States* [henceforth FRUS] 1947 (Washington, D.C.: U.S. Government Printing Office, 1973), vol. 1, 763–64.

[39] On the role of Europe in American wartime planning and the "relative indifference of the administration to regionalist ideas," see Max Beloff, *The United States and the Unity of Europe* (Washington, D.C.: Brookings Institution, 1963), chap. 1.

[40] See Beugel, *From Marshall Plan to Atlantic Partnership*, 41–45. For a fascinating account of the emerging policy views of State Department and other top government officials concerning the rebuilding of Europe, see Walter Isaacson and Evan Thomas, *The Wise Men: Six Friends and the World They Made* (New York: Simon and Schuster, 1987), 402–418.

[41] Kennan to Cecil B. Lyon, 13 October 1947, Policy Planning Staff Records. Quoted in Gaddis, "Spheres of Influence," 58.

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European society."[42] In a later memorandum the Policy Planning staff argued that the program should take the form of a multilateral clearing system to lead to the reduction of tariffs and trade barriers and eventually to take the form of a European Customs Union.[43] Moreover, the Policy Planning staff argued that the initiative and responsibility for the program should come from the Europeans themselves. This group clearly envisaged a united and economically integrated Europe standing on its own apart from both the Soviet sphere and the United States.[44] "By insisting on a joint approach," Kennan later wrote, "we hoped to force the Europeans to think like Europeans, and not like nationalists, in this approach to the economic problems of the continent."[45]

Another group of State Department officials working on European recovery prepared a memorandum of major importance in May 1947 that outlined objectives of American foreign aid.[46] The chief objective of U.S. policy, they argued, should be to strengthen the political and economic countries of Europe and by so doing create the conditions in Europe to induce the Soviets to negotiate with the West rather than continue a policy of unilateral expansion. The objective was to foster a strong and economically integrated Europe. Moreover, the memorandum argued that U.S. policy should be directed at increasing the western orientation of European leaders. In France, Italy, and Germany, in particular, policy should be directed at preventing leaders from drifting to the extreme Left or Right. A European recovery program, these officials argued, would need to stress political and ideological as well as economic objectives. In summarizing the document, Beugel notes that in meeting these objectives a "purely economic program would be insufficient. Non-communist Europe should also be provided with possible goals to help fill the present ideological and moral vacuum. The only possible ideological content of such a program was European unity."[47] The idea of a united Europe was to provide the ideological bulwark for European political and economic reconstruction.

Other State Department voices echoed the call for a shift in policy. Under Secretary of State William Clayton returned from Europe on 19 May alarmed by the economic distress of Europe. In a memorandum to Acheson and Marshall, Clayton

[42] Kennan quotes the memorandum in his memoirs. George Kennan, *Memoirs: 1925–1950* (Boston: Little, Brown, 1967), 336.

[43] Beugel, *From Marshall Plan to Atlantic Partnership*, 43.

[44] Kennan, *Memoirs: 1925–1950*, 325–353; *FRUS, 1947*, III: 223–230.

[45] Kennan, *Memoirs: 1925–1950*, 337.

[46] The document was dated 12 June 1947, a week after Marshall's Harvard speech; but the main ideas were circulated earlier. This group, composed of H. van D. Cleveland, Ben T. Moore, and Charles Kindleberger, prepared the memorandum for a major State-War-Navy Coordinating Committee report. Parts of the document are reprinted in Charles P. Kindleberger, *Marshall Plan Days* (Boston: Allen & Unwin, 1987), 4–24. See also Michael Hogan, "European Integration and the Marshall Plan" in Stanley Hoffman and Charles Maier, eds., *The Marshall Plan: A Retrospective* (Boulder, Colo.: Westview Press, 1984), 4–5.

[47] Beugel, *From Marshall Plan to Atlantic Partnership*, 45.

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argued that the United States had underestimated the destruction of Europe's economy and stressed the need for immediate and large-scale action.[48] On 8 May Under Secretary Acheson took the occasion of a public speech to outline the imperatives of European recovery and foreshadowed the Marshall Plan.[49]

The public turning point in U.S. policy came on 5 June 1947 with Marshall's speech at Harvard University. The American government was now ready to play a much more direct and systematic role in European reconstruction. Yet State Department officials, in a theme echoed throughout this period, were insistent that European leaders themselves take responsibility for organizing the program. At a State Department meeting on 29 May 1947, for example, Kennan "pointed out the necessity of European acknowledgement of responsibility and parentage in the plan to prevent the certain attempts of powerful elements to place the entire burden on the United States and to discredit it and us by blaming the United States for all failures." Similarly, Bohlen noted that the United States had to balance the "danger of appearing to force 'the American way' on Europe and the danger of failure if the major responsibility is left to Europe." The United States would need to make it clear to the Europeans, Bohlen argued, that "the only politically feasible basis on which the United States would be willing to make the aid available is substantial evidence of a developing overall plan for economic cooperation by the Europeans themselves, perhaps an economic federation to be worked out over 3 or 4 years."[50]

A policy of fostering European independence rather than a spheres-of-influence policy had both practical and ideological considerations. Within the Truman administration some officials stressed the policy's importance in strengthening European democracies against communist subversion. Others focused on its usefulness in rebuilding Franco-German relations. Still others found the policy important in promoting expanded production and stability of the European economy.

There were also domestic political reasons for administration support for a united Europe. Congress and American public opinion were in 1947 still wary of permanent political and military commitments to Europe. Such domestic considerations are evident in discussions by Truman administration officials as they prepared to sell the Marshall Plan aid program to Congress. In the foreign assistance legisla-

[48] "The European Situation," Memorandum by the Under Secretary of State for Economic Affairs, *FRUS, 1947*, III: 230–232. Joseph Jones argues that this report had a decisive influence on Marshall's speech and may have prompted the speech itself. *The Fifteen Weeks* (New York: Viking Press, 1955), 203. Clayton's memo reportedly moved Marshall to confirm his tentatively scheduled appointment to speak at Harvard's commencement exercises. The next day Marshall gave a copy of Clayton's memorandum and Kennan's Policy Planning paper to Bohlen and instructed him to write a speech that would invite Europe to request American aid.

[49] Summarized by Beugel, *From Marshall Plan to Atlantic Partnership*, 47–49; also see Dean Acheson, *Present at the Creation* (New York: New American Library, 1966), 227–230.

[50] "Summary of Discussion on Problems of Relief, Rehabilitation and Reconstruction of Europe," 29 May 1947, *FRUS, 1947*, III: 235.

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tion that funded the European Recovery Program, Congress made greater European unification a condition for aid.[51]

The idea of a united Europe also fit well with American ideals. "The vague uneasiness and even irritation about the fragmentation of the old world and the genuine desire to transplant the American image to the shattered European countries were translated into a plan and subsequent action." Moreover, State Department officials felt that by encouraging independence and self-determination in Europe, the emergence of democratic institutions would be more likely to succeed. John Gaddis summarizes this notion: "the view in Washington persisted throughout the late 1940s that the viability of political systems depended in large part upon their autonomy, even spontaneity. For this reason, Americans were willing to tolerate a surprising amount of diversity within the anti-Soviet coalition."[52]

The European Recovery Program put the economic and political reconstruction of Europe into a security framework. It was at this juncture that Kennan's ideas most resonated with official U.S. policy. The crisis of Europe, according to these officials, was not due to the pressure of communist activities. Policy Planning and the others believed that "the present crisis resulted in large part from the disruptive effects of the war on the economic, political and social structure of Europe."[53]

European responses to American efforts to assist in economic and political reconstruction were initially quite enthusiastic. British Foreign Minister Ernest Bevin, listening to Marshall's speech on the BBC, accepted the offer of assistance immediately; and he quickly traveled to Paris to begin consultations with the French. The new attitude toward European unity was later reaffirmed by Bevin on 22 January 1948. Announcing that the time had arrived for a new consolidation of Western Europe, Bevin argued for an association of the "historic members of European civilization." United States officials welcomed Bevin's speech as a signal of European initiative.[54]

The major product of the early negotiations among European officials was the Organization for European Economic Cooperation (OEEC), which came into being on 5 June 1948. At each step along the way, the United States used its economic strength, primarily in the form of dollar aid, to promote European unity, while at the same time attempting to remain outside the negotiations. In addition to organizations devoted to the administration of U.S. aid, monetary and trade liberalization agreements were also forged.

Yet the building of a third force, the central objective of American policy be-

[51] Section 102(a) of the Economic Cooperation Act of 1948, as amended, stated that: "It is further declared to be the policy of the people of the US to encourage the unification of Europe. . . ."

[52] Gaddis, "Spheres of Influence," 59. See also Michael J. Hogan, *The Marshall Plan: America, Britain, and the Reconstruction of Western Europe, 1947–1952* (New York: Cambridge University Press, 1987).

[53] Beugel, *From Marshall Plan to Atlantic Partnership*, 42.

[54] Ibid., 121–122.

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tween 1947 and 1950, fell short of American hopes. Disagreements between the British and the French over the extensiveness of supranational political authority and economic integration left the early proposals for unity unfulfilled. W.W. Rostow notes: "[B]ecause the British opposed it, because the economic requirements of unity did not converge with requirements for prompt recovery, and because the United States was unclear as to how its influence should be applied – the Marshall Plan did not succeed in moving Western Europe radically towards unity."[55]

In late 1949 a tone of urgency was heard in State Department discussions of European integration. In a memorandum written by Secretary of State Acheson, shifts in administration thinking were evident. With British reluctance to lead a movement toward European integration, Acheson noted that "[t]he key to progress towards integration is in French hands." Moreover, Acheson was willing to settle for integration on the continent itself and introduced the possibility of American participation in the Organization of European Economic Cooperation. Yet on these revised terms the United States continued to push for integration that would involve "some merger of sovereignty."[56]

The United States wanted to encourage an independent Europe – a third force – and not to establish an American sphere of influence. Yet the Europeans could not agree among themselves to organize such a center of global power; the United States, despite its hegemonic power, could not see to its implementation. Just as in the earlier phase, when the goal of U.S. policy was that of global, liberal multilateralism, severe limits of U.S. power were experienced. Beugel makes this point:

> In dealing with sovereign states, even if these states are impoverished and politically and economically impotent, as was the case in Europe during the first years of the Marshall Plan, there is a limit beyond which even a country of the unique power of the United States cannot go in imposing far-reaching measures such as those leading to European integration.[57]

The irony is that while the United States was unwilling and probably unable to use more direct coercive power to encourage European unity, European resistance was not to the use of American power but to the ends toward which it was to be put. The United States wanted to avoid a direct, ongoing security commitment to Western Europe and the emergence of a sphere of influence that such a policy would entail. Yet as East-West tensions increased and as British and continental governments frustrated plans for a geopolitical third force, a new phase of American policy unfolded. Europe actively courted the extension of American

[55] W. W. Rostow, *The United States in the World Arena, an Essay in Recent History* (New York: Harper & Row, 1960), 216. See also Alan S. Milward, *The Reconstruction of Western Europe, 1945–51* (Berkeley: University of California Press, 1984).

[56] "The Secretary of State to the Embassy in France," 19 October 1949, *FRUS, 1949*, IV: 469–472. In the subsequent meeting of American ambassadors in Paris, agreement was reached among them that European integration could not proceed without British participation.

[57] Beugel, *From Marshall Plan to Atlantic Partnership*, 220–21.

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power and, in the guise of NATO, a subordinate position in an American sphere of influence.

The "Pull" of Europe: Empire by Invitation

In 1947 and the following years, the United States appeared to hold the military and economic power needed to shape the terms of European reconstruction. With a monopoly on the atomic bomb, a massive (although demobilizing) standing army, and an industrial economy enlarged by the war, the United States appeared to have all the elements of hegemonic power. Moveover, the United States had what Europeans needed most: American dollars. "More and more as week succeeds week," the *Economist* noted in May 1947, "the whole of European life is being overshadowed by the great dollar shortage. The margin between recovery and collapse throughout Western Europe is dependent at this moment upon massive imports from the U.S."[58]

It is all the more striking, therefore, how successful the European governments were at blunting and redirecting American policy toward Europe. This resistance by Europe to the construction of a third force had several sources and differed from country to country. Each sought to use American hegemonic power for its own national purposes. At the same time, the same considerations that led to the rejection of a full-blown united Europe prompted these same governments to encourage a direct American political and security presence in Europe.

The British were the most resistant to a united Europe. Britain initially reacted positively to the larger political objectives of Marshall Plan aid. A secret Cabinet session in March 1948 concluded that Britain "should use United States aid to gain time, but our ultimate aim should be to attain a position in which the countries of western Europe could be independent both of the United States and of the Soviet Union."[59] Yet as a practical matter, the British resisted significant steps in that direction." In a meeting of American ambassadors in Europe in October 1949, David Bruce argued: "We have been too tender with Britain since the war: she has been the constant stumbling block in the economic organization of Europe. . . ."[60]

The British were eager to maintain their special relationship with the United States, but feared it would be undermined by the emergence of a confederation with European countries. Moreover, the political and economic burdens of sustaining a European center of power would only further strain the British Commonwealth system. As with several of the other European countries, the British also feared the eventual dominance of Germany or even Russia in a unified Eu-

[58] *The Economist*, 31 May 1947.

[59] Quoted in Gaddis, "Sphere of Influence," 66.

[60] "Summary Record of a Meeting of United States Ambassadors at Paris," 21–22 October 1949, *FRUS, 1949*, IV: 492.

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rope. These considerations implied the need for more, not less, American involvement in postwar Europe, particularly in the form of the NATO security relationship. As David Calleo has recently noted: "NATO seemed an ideal solution. With American commanders and forces taking primary responsibility for European ground defense, no question would remain about America's willingness to come to Europe's aid. Britain could reserve for itself those military and naval commands needed to retain control over its own national defense."[61] Indeed, in 1952 the British sought to reduce the role of the OEEC and transfer its functions to NATO—an attempt to build the Atlantic relationship at the expense of European unity.[62]

British officials were more concerned with preventing a return by the United States to an isolationist position than with an overbearing American hegemonic presence in Europe. "The fear was not of American expansionism," Gaddis notes, "but of American isolationism, and much time was spent considering how such expansionist tendencies could be reinforced."[63] It is no surprise, therefore, that in encouraging the United States to lead a security protectorate of Europe, the British began to stress the seriousness of the Soviet threat in Europe. In January 1948, British Foreign Minister Ernest Bevin warned Washington of "the further encroachment of the Soviet tide" and the need to "reinforce the physical barriers which still guard Western civilization."[64]

The French also sought to put American resources to their own national purposes and encourage an Atlantic security relationship. To be sure, France was more sympathetic to American ideas of European integration. Integration was useful in fostering French-dominated coalitions of governments in Western Europe. A political and economic union would also allow France to have some influence over the reemergence of the German economy as well as tie Germany to a larger regional framework.[65] At the same time, however, the French also had an interest in encouraging a larger American security relationship with Europe. NATO, even more than a European community, would serve to contain Germany and the Soviets. Moreover, as with Britain, an American presence would free French resources, otherwise tied up in European defense, for purposes of preserving the remains of its colonial empire.[66]

Germany also supported American leadership of NATO. For West Germany's

[61] David P. Calleo, *Beyond American Hegemony: The Future of the Western Alliance* (New York: Basic Books, 1988), 35.

[62] Beloff, *The United States and the Unity of Europe*, 69.

[63] John Lewis Gaddis, "The Emerging Post-Revisionist Synthesis on the Origins of the Cold War," *Diplomatic History* 7 (Summer 1983). This statement is based, at least in part, on newly opened records of the British Foreign Office.

[64] "Summary of a Memorandum Representing Mr. Bevin's Views on the Formation of a Western Union," enclosed in Inverchapel to Marshall, 13 January 1948, *FRUS, 1948*, III: 4-6.

[65] See Maier, "Supranational Concepts and National Continuity in the Framework of the Marshall Plan," 34.

[66] Calleo, *Beyond American Hegemony*, 35. See also Michael M. Harrison, *The Reluctant Ally: France and Atlantic Security* (Baltimore: Johns Hopkins University Press, 1981).

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Chancellor Konrad Adenauer, the Atlantic security relationship was a means of rebuilding German sovereignty and equality on the continent. Germany had less room for maneuver than Britain or France. But participation in regional integration and NATO served the goals of political and economic reconstruction.[67]

In late 1947, efforts intensified by Europeans to draw the United States into a security relationship. British Foreign Minister Bevin outlined his ideas on military cooperation to Secretary of State Marshall on 15 December 1947. A regional European organization centered around Britain, France, and the Benelux countries would be linked to the other Western European countries and to the United States. Marshall signaled his interest in the plan but later indicated that the United States could not presently make any commitments.[68] Other European officials, such as Belgian Prime Minister (and Foreign Minister) Paul-Henri Spaak, were also calling for American military cooperation.[69]

Bevin's urgings were given prominence in his 22 January 1948 speech in the House of Commons. Later Bevin argued that European defense efforts would not be possible without American assistance. "The treaties that are being proposed cannot be fully effective nor be relied upon when a crisis arises unless there is assurance of American support for the defense of Western Europe."[70]

The French also sought to draw the United States into playing a military role in Western Europe. Foreign Minister Georges Bidault called upon the United States "to strengthen in the political field, and as soon as possible in the military one, the collaboration between the old and the new worlds, both so jointly responsible for the preservation of the only valuable civilization."[71]

Some officials in the Truman administration, such as Director of the Office of European Affairs John D. Hickerson, were urging military cooperation with Western Europe.[72] Others, most notably George Kennan, resisted the idea of a military union, arguing that it would be destructive of the administration's goal of European unity.[73] The official position of the Truman administration during this period was ambiguous: it was sympathetic to European concerns but reluctant to make a commitment. After repeated British attempts to obtain an Amer-

[67] Calleo, *Beyond American Hegemony*, 35.

[68] Memorandum by the British Foreign Office, undated, *FRUS, 1947*, III: 818–819. See also Geir Lundestad, *America, Scandinavia, and the Cold War, 1945–1949* (New York: Columbia University Press, 1980), 171–72.

[69] Lundestad, *America, Scandinavia, and the Cold War, 1945–1949*, 172.

[70] *FRUS, 1948*, III: 14. In his memoirs, British Prime Minister C. R. Attlee referred to the "making of the Brussels treaty and the Atlantic Pact" as "the work of Bevin." Attlee, *As It Happened* (London: Heinemann, 1954), 171. See also Escott Reid, *Time of Fear and Hope: The Making of the North Atlantic Treaty, 1947–1949* (Toronto: McClelland and Stewart, 1977).

[71] Quoted in Lundestad, "Empire by Invitation? The United States and Western Europe, 1945–1952," *Journal of Peace Research* 23 (1986): 270.

[72] Hickerson memorandum, *FRUS, 1948*, III: 6–7.

[73] Kennan memorandum to Secretary of State, 20 January 1948, *FRUS, 1948*, III: 7–8. See also Kennan, *Memoirs: 1925–1950*, 397–406.

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ican pledge of support, Under Secretary Robert Lovett informed the British ambassador that the Europeans themselves must proceed with discussions on European military cooperation. Only afterward would the United States consider its relationship to these initiatives.[74] The British, undeterred, continued to insist on American participation in plans for Western European defense.

It was not until 12 March, after the coup in Czechoslovakia, which demonstrated the Soviet hold on East Europe, and the further deterioration of East-West relations, that the United States agreed to engage in joint talks with the West Europeans on an "Atlantic security system."[75] In the months that followed, American and European differences narrowed, largely with the United States coming to agree on an integrated security system with itself at the center.

Taken together, the United States and State Department officials such as George Kennan were much more eager to see an independent Europe than the Europeans themselves. In the end, the European governments were not willing to take the risks, expend the resources, or resolve the national differences that would necessarily be a part of an independent, third force. Political life within an American hegemonic system and a bipolar world was the more acceptable alternative.

Part of the reason for this "craving for dependence,"[76] as David Calleo has recently put it, is that the European nations, except perhaps for Germany, were able to develop the means for maneuver within that American hegemonic system. Such was the case for Britain, as it is noted by Charles Maier:

> Within the American "hegemony" Britain preserved as much of her Commonwealth position, her shielding of her balance of payments, as possible. She also played what might be termed the "Polybian" strategy, attempting to become the Greeks in America's Roman empire, wagering on the "special relationship" to prolong their influence and status.[77]

The more general point is that the European encouragement of an American presence in Europe served a variety of national needs. The room for maneuver within that hegemonic system ensured that those needs would at least in part be met. Moreover, to tie the United States to a formal security relationship with Europe would provide a much more effective basis for the Europeans to influence and shape the American exercise of hegemonic power than would be the case with a less encumbered America. Even as Britain and the continental governments invited America's political and military presence in Europe, it ensured that the international economic system that would attend that new relationship was sufficiently based on European terms.

[74] Lovett to Inverchapel, 2 February 1948, *FRUS, 1948, III*: 17–18.

[75] Ibid., III: 48.

[76] Calleo, *Beyond American Hegemony*, 35.

[77] Maier, "Supranational Concepts and National Continuity in the Framework of the Marshall Plan," 34.

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From Liberal Multilateralism to "Embedded Liberalism"

The United States failed in its initial attempt to bring liberal multilateralism to Europe. The coercive use of American hegemonic power, most explicitly evident in the British loan, was largely self-defeating. The Marshall Plan represented a shift in policy toward regional reconstruction and a politically independent and integrated Europe. The Europeans took the aid but declined the invitation to move toward a third force in a multipolar world. At the same time, as we have seen, the Europeans (with leadership from British Foreign Minister Bevin) actively sought to extend the American security presence to Western Europe.

The United States was prevailed upon to defend a grouping of western industrial democracies. But what kind of grouping? In late 1949 officials within the Truman administration were uncertain. "It is not yet clear," Acheson argued, "what is the most desirable ultimate pattern of deeper international association of the United States, British Commonwealth, and Europe, and I do not believe that anyone should blueprint a course far ahead with any great rigidity."[78] Nonetheless, even as American policy shifted, the Truman administration clung to a now more distant objective of liberal multilateralism. Liberal economic internationalism, although initially blocked by the imperatives of European reconstruction and the unfolding cold war, were not abandoned, at least in rhetoric. William Clayton noted this in a broadcast on 22 November 1947: "The Marshall Plan, or the European Recovery Program, has to do with the short-term emergency needs of one part of the world. The International Trade Organization has to do with long-range trade policies and trade of all the world. They are highly complementary and interrelated."[79]

This observation was more a hope than anything else. The Marshall Plan was not simply an interim step to place the European economies in a position to participate in a system based on earlier elaborated American plans for liberal multilateralism. Rather, the working out of these policy shifts served to alter the substantive character of those liberal, multilateral designs. This policy retreat and what it reveals about American hegemonic power is noted by Fred Hirsch and Michael Doyle:

> The limited capacity of the United States to determine the international economic order actually in force, even at the peak of American military-economic predominance in the immediate aftermath of World War II, is a striking indication of the extent to which relationships between the United States and other major Western powers at this time fell short of unqualified American hegemony. For the striking fact is that the United States was not able to impose its preferred multilateral trading order on the major trading countries. It was able to set the frame for such an order, as embodied in the major provisions of the IMF [International Monetary Fund] and the proposed International Trade

[78] "The Secretary of State to the Embassy in France," 19 October 1949, *FRUS, 1949*, IV: 469.
[79] Quoted in Beloff, *The United States and the Unity of Europe*, 28.

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> Organization (ITO). But these provisions themselves had to be considerably modified, as compared with the original United States proposals, to make them acceptable to other governments. The original United States conception was thus weakened substantially by the resulting allowance made for transitional provisions, for exceptions to nondiscrimination and absence of restrictions, and for the ultimate escape by countries from the discipline of the international system through exchange adjustment.[80]

Throughout the period, these concessions and compromises were indirect and were manifest as the United States sought to promote political stability and noncommunist regimes in Western Europe. The effort to encourage noncommunist alternatives in continental Europe was pursued from many quarters of the American government. At the State Department Charles Bohlen argued in 1946 that the United States should direct the Left in democratic directions. "It is definitely in the interest of the United States to see that the present left movement throughout the world, which we should recognize and even support, develops in the direction of democratic as against totalitarian systems."[81] Later, George Kennan argued that the Marshall Plan itself was the key to building the strength of anticommunist forces.[82] Where serious communist parties contended for power, such as in Italy and France, the United States was willing to come to the aid of all parties to their right, including socialists.

United States involvement in support of noncommunist forces in Italy during the crucial 1948 national elections reveals this strategy. An immediate aim during this period was the bolstering of the noncommunist Italian Socialists. The American ambassador, James Dunn, searched for ways to channel funds to strengthen the fragile political base of the Socialists as well as those to the right.[83] The attempt was made to prevent the Italian Socialist Party from joining the ranks of the communist-led electoral alliance. In the end, with massive American covert aid and threats of the cut-off of Marshall Plan assistance, the Christian Democrats won a commanding electoral victory and a majority in parliament.

The primacy of stability in Western Europe, built around noncommunist political parties, had larger ramifications for American foreign economic policy. Indirectly at least, this commitment meant that the United States would need to accommodate social democratic goals in the construction of international economic order. The successful political reconstruction of Europe meant not just a delay in the realization of liberal, multilateral goals, but their permanent alteration.

Although not framed as an explicit shift in international economic objectives, the United States did gradually move to accept a modified liberal, multilateral order. For the most part this took the form of exemptions and abridgements in

[80] Hirsch and Doyle, *Alternatives to Monetary Disorder*, 29.

[81] Quoted in Gaddis, "Dividing Adversaries" in Gaddis, *The Long Peace*, 150.

[82] Ibid., 154.

[83] James Edward Miller, *The United States and Italy, 1940–1950: The Politics and Diplomacy of Stabilization* (Chapel Hill: University of North Carolina Press, 1986), 243–49.

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trade and financial arrangements. Together, these compromises allowed a larger measure of national economic autonomy and a stronger role of the state in pursuing full employment and social welfare. The discipline of the international market would be softened by the welfare state. The differences between Britain and the United States over postwar economic arrangements were representative of the larger American-European split. At each turn during negotiations over monetary and trade rules and institutions, Britain sought arrangements that would be congenial with an expanded domestic state role in employment and social welfare.

Compromises between multilateralism in international economic relations and state intervention in the domestic economy and society are what John Ruggie has termed "embedded liberalism."[84] "The task of postwar institutional reconstruction," Ruggie argues, was to "devise a framework which would safeguard and even aid the quest for domestic stability without, at the same time, triggering the mutually destructive external consequences that had plagued the interwar period."[85] In other words, rules would be devised to allow for nondiscrimination in commercial and monetary relations, but also to facilitate the welfare state.

Ruggie argues that a loose consensus existed among the industrial democracies, even during the war, on the need to make compromises between postwar liberal multilateralism and domestic interventionism. This was the case, however, only at the most general level. The types of compromises were achieved in piecemeal fashion over the course of the entire 1940s. European countries gave ground on the American insistence that multilateralism be at the core of international economic arrangements. The United States came to accept the need to protect newly emerging Keynesian economic policies and the provisions of the welfare state. But these compromises were less explicit and negotiated than a product of the failure of such instruments of liberal multilateralism as the Anglo-American Financial Agreement and the International Trade Organization.

At each stage of negotiation the British sought to make American monetary and commercial proposals contingent on expanded production and employment. Behind Britain's conditional response to American initiatives were various factions on the Left and Right that opposed liberal multilateralism.[86] Uniting these groups was a skepticism of economic liberalism at home or abroad. A British newspaper of the day noted: "We must . . . reconcile ourselves once and for all to the view that the days of *laissez-faire* and the unlimited division of labor are over; that every country—including Great Britain—plans and organizes its production in the light of social and military needs, and that the regulation of this production

[84] John Gerard Ruggie, "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order," *International Organization* 36 (Spring 1982): 379–415. See also Robert Keohane, "The World Political Economy and the Crisis of Embedded Liberalism" in John H. Goldthorpe, ed., *Order and Conflict in Contemporary Capitalism: Studies in the Political Economy of Western European Nations* (Oxford, Eng.: Clarendon Press, 1984), 15–38.

[85] Ruggie, "International Regimes, Transactions, and Change," 393.

[86] See Gardner, *Sterling-Dollar Diplomacy*, 30–35.

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by such 'trade barriers' as tariffs, quotas, and subsidies is a necessary and integral part of this policy."[87]

In British debates on the various trade and financial agreements, as Gardner notes, officials "devoted considerable efforts to showing that full employment and domestic planning would not be impeded by the multilateral arrangements."[88] In negotiations over the ITO these concerns were manifest in safeguards and escape clauses, in the removal of agriculture from the framework, and in transition periods to multilateralism. As one British official noted in discussions over trade arrangements, "there must be in the international settlement which we are now devising sufficient escape clauses, let-outs, special arrangements, call them what you will, which will enable those countries which are adopting internal measures for full employment to protect themselves. . . ."[89]

These efforts to protect domestic economic and social obligations of the state came primarily from Britain and the other European countries. The Europeans themselves were crucial in recasting the terms of liberal multilateralism—if only in resisting, modifying, and circumventing American proposals. In insisting on the primacy of domestic stability in the development of international economic rules and institutions, the Europeans (and most importantly the British) successfully recast the character of postwar economic order. The story of postwar international political economy is as much that of the triumph of the welfare state as of the halting and partial emergence of liberal multilateralism.

Conclusion

The structure of the early postwar system bears the profound marks of American ideas and the projection of its power; about this there is no dispute. The task here has been to reconsider the conventional understanding of that power and the fate of those ideas. American power was unprecedented, but it was not unalloyed. The United States was not able to implement the full range of its proposals for postwar order; but it did get drawn into a larger hegemonic role in Europe than it anticipated or wanted. In understanding this duality of the American postwar experience, we are better able to appreciate the substance, scope, and limits of American hegemonic power.

The failure of the first efforts at multilateralism and the failure of policies to promote European unity say a great deal about the character of American hegemonic power after the war. The direct use of American power to coerce European acceptance of liberal, multilateral designs (seen most clearly in the British loan episode) were singularly unsuccessful. Less direct methods of pursuing even a revised plan for European regional cooperation also fell short. The purpose of

[87] *The Times* (London), 11 January 1941. Quoted in Gardner, *Sterling-Dollar Diplomacy*, 31.
[88] Gardner, *Sterling-Dollar Diplomacy*, 234.
[89] Ibid., 277.

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the Marshall Plan was to restore the political confidence of the Europeans. Yet as Gaddis notes, once this was the objective, it was the Europeans who could dictate what it would take to produce confidence.[90] In the end, this required a direct American military commitment.

The Europeans wanted a stronger and more formal hegemonic system than the United States was initially willing to provide. The initial one world plans of collective security and economic universalism would have been a very cost-effective form of *Pax Americana*. The obligations to Europe would have been minimal and they would have accorded with prevailing U.S. congressional and popular public opinion. The system, once constituted, was envisaged to be self-regulating. Given American economic size and competitiveness, this global open door would both serve its own interests and resonate with time-honored American liberal ideas of politics and economics. However, not only were the assumptions behind this vision of postwar order wrong, but the United States, despite its preponderance of economic and military resources, was unable to implement its essential parts.

The revised strategy of a European third force and the construction of a multipolar order was equally elusive. It again revealed the limits of American postwar power. These limits were recognized by many of the American officials themselves. In promoting the idea of a united Europe in the context of Marshall Plan aid, the Truman administration insisted that Europe itself take the initiative. More direct American pressure would have been self-defeating, but its absence also ensured that the Europeans could set the limits on cooperation and integration. It was the very weakness of the European economies and societies that prevented the United States from translating its array of power resources into bargaining assets. The United States could not push too hard. The Europeans, in turn, could set the terms upon which to pull the United States into economic and security relationships.

In the end the United States had to settle for a more traditional form of empire—a *Pax Americana* with formal commitments to Europe. The result was an institutional relationship that diverted American resources to Europe in the form of a security commitment, allowing the Europeans to employ their more scarce resources elsewhere and providing the ongoing institutional means for the Europeans to influence and render predictable American hegemonic power. In blunting and altering the substantive character of international economic relations to ensure the survival of budding welfare states, the Europeans succeeded in drawing the United States into protecting a system that they were able to effectively redefine. As students of empire have often noted, the flow of ideas and influence between empirical center and periphery works in both directions.[91] Unable to secure a less formal and more ambitious *Pax Americana*, the United States found itself experiencing the similar two-way flow of ideas and influence.

[90] Gaddis, "Spheres of Influence," 62.

[91] See Michael W. Doyle, *Empires* (Ithaca, N.Y.: Cornell University Press, 1986).

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The sequence of shifts in American policy toward postwar order is often understood as a set of adjustments to the emergence of East-West hostilities. It was the rise of perceptions of threat from the Soviet Union that forced the compromises and that shifted the center of gravity from economic-centered postwar designs to security-centered designs. There are at least two problems with this understanding. First, this interpretation obscures the failures of American policy and the limited ability of the United States to exercise hegemonic power on its own terms. The focus on failure to implement policy in the first two phases of U.S. policy reveals these limits and the striking ability with which the Europeans could resist American initiatives from a position of weakness.

Second, perhaps more fateful for the way in which American policy unfolded after World War II was the utter collapse of Great Britain, not the rise of the Soviet Union. In a meeting of American ambassadors in Paris in the autumn of 1949, John J. McCloy, the high commissioner for Germany, argued that perhaps too much emphasis had been given to "the increase of Russian power in the world and too little thought to the enormously important factor that is the collapse of the British Empire."[92] Scholars may have suffered a similar problem. This decline of British power, recognized for decades, accelerated by the destruction of the war, and taking a dramatic turn in 1947, was crucial in weakening the overall political and economic position of Europe in the late 1940s. If the argument made above has merit, it was precisely the weakness of Britain and continental Europe that undermined the ability of the United States to successfully employ its hegemonic position after the war. Ironically, it might well be the case that less disparity in the relationship between Europe and the United States after the war could possibly have provided the basis for the realization of more of the American postwar agenda.*

[92] "Summary Record of a Meeting of United States Ambassadors at Paris," 21–22 October 1949, *FRUS, 1949*, IV: 485.

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The Strategic Implications of Relative Economic Decline

AARON L. FRIEDBERG

The debate over decline is about to enter a new, more complex, and perhaps more interesting phase. In the initial stage, as so often happens when a large and important subject first emerges, the participants divided into two opposing camps. On the one hand there were those who pointed with alarm to fragmentary evidence of U.S. economic decline and argued that the erosion in its relative strength would soon require a substantial diminution in America's world role. Responding to this view were critics who denied that the indications of decline were as compelling or as worrisome as was being claimed and who maintained that no drastic changes in American foreign policy and military strategy were either necessary or desirable.

It now seems clear that each side in the early debate was roughly one-half right. The United States no longer dominates the world economy as completely as it once did, and in some important ways it has indeed been passing through a period of relative decline. The changes that have become evident in recent years will have an impact on U.S. strategy. Nevertheless, the precise nature of that impact is likely to be less direct and less immediate than is often claimed. In particular, the trends now visible do not compel the United States to withdraw from its overseas commitments, nor are they sweeping the world quickly and inevitably into an era of genuine multipolarity. Over the next ten or twenty years, however, an increased American reliance on foreign goods, technology, and capital and the increased

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worldwide diffusion of strategically significant technologies could impose subtle but powerful constraints on U.S. freedom of diplomatic and military action.

Any attempt to think through the possible strategic implications of economic change faces three considerable difficulties. First, it is often hard simply to figure out what is going on. The available indicators may be imprecise or, worse, ambiguous and subject to widely varying interpretations.[1] Even when the economic trends are clear, their strategic significance is not always immediately and unmistakably apparent. A sharp drop in the capacity of a particular domestic industry, for example, may make little difference to a nation's ability to mobilize its armed forces provided that in an emergency imports of the needed item can be assumed to be available in the necessary quantities. Finally, even where economic change creates certain obvious strategic risks, there will inevitably be a range of possible responses, each carrying its own array of costs and benefits. A government faced with the contraction of an industry considered important for military purposes could choose to protect that industry from foreign competition or to subsidize it or to stockpile its products or, if the risks of war and supply disruption seem low enough, to do nothing.

What, as nearly as can be determined, is happening to the American economy? What are the likely strategic consequences of economic change? What are the dilemmas and the choices with which current trends may soon confront the United States? These are the questions to which this article seeks to provide answers.

INDICATORS

Share of World Product

Discussions of decline usually begin (and many end) with some reference to the diminished American share of such large, aggregated measures as total world output of goods and services. These figures show that, while the United States has been growing in absolute terms, since 1945 the rest of the world taken as a whole has grown more rapidly.[2] Critics have pointed out that comparisons to the initial post-war period, when every one of the world's other major economies lay either badly damaged or in ruins, make America's subsequent decline seem more startling than it actually is.[3] After the disruption of the 1940s and the recovery of the 1950s, the United States may simply now have reverted to roughly its pre-war ranking.[4]

[1] On the importance of indicators in shaping responses to shifts in relative national power, see Aaron L. Friedberg, *The Weary Titan: Britain and the Experience of Relative Decline, 1895–1905* (Princeton, N.J.: Princeton University Press, 1988).

[2] See the discussion in Paul Kennedy, *The Rise and Fall of the Great Powers* (New York: Random House, 1987), 432–37 and 533.

[3] See Charles Wolf, "America's 'Decline': Illusion and Reality," *Wall Street Journal*, 12 May 1988. This is a point that Kennedy acknowledges and, indeed, emphasizes. See Kennedy, *Rise and Fall*, 432.

[4] See Samuel P. Huntington, "The U.S. — Decline or Renewal?," *Foreign Affairs* 67 (Winter 1988/89): 81–82.

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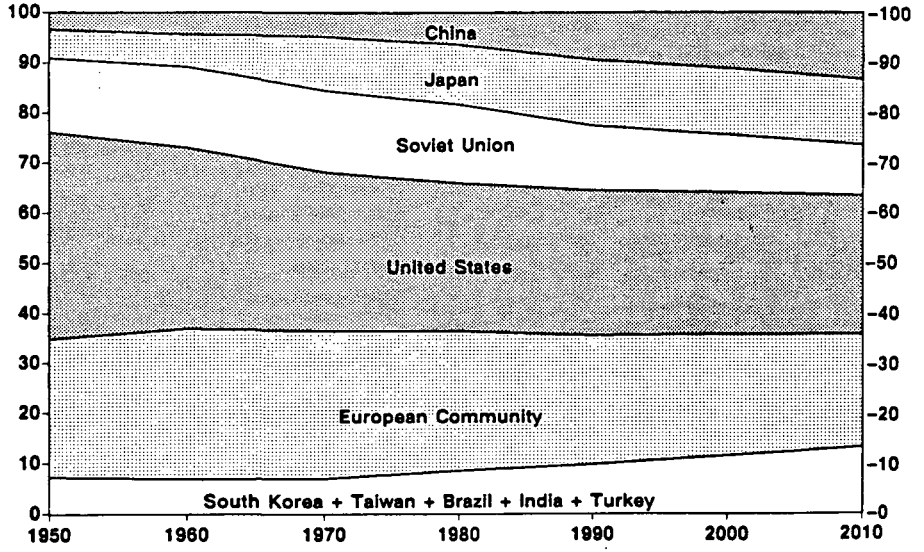
FIGURE 1:
*Relative Growth of Gross National Product**



* GNP shown as percentage of the total for these countries (about 80% of global GNP in 1986).
Source: *The Future Security Environment* (Washington, D.C.: Commission on Integrated Long-term Strategy, October 1988), 4.

Nevertheless, since the end of World War II the United States has certainly experienced a substantial erosion in its relative economic preponderance. Questions of causality aside, the central issues are how far that erosion has proceeded to date and whether and to what extent it is likely to continue in the future.

Estimates prepared for the recent Presidential Commission on Integrated Long-Term Strategy suggest that the U.S. share of total world output fell from around 45 percent in the late 1940s and early 1950s to around 25 percent by the mid-1960s. Since then the U.S. share has held constant and, depending on relative growth rates, it could remain roughly where it is for the better part of the next two decades.[5] (See Figure 1.) These calculations have been challenged by historian Paul Kennedy, who argues that the method used to convert foreign gross national product (GNP) figures into dollars overstates the current U.S. position, while the assumptions made about growth rates may well inflate the share of world output that the United States

[5] The projections displayed in Figure 1 are based on the following annual growth rates for the period 1990–2010: USSR–1.6%, UK–1.8%, West Germany–2.1%, France–2.6%, U.S.–2.6%, Japan–2.8%, India–4.1%, China–4.7%, Korea–4.9%, Brazil–5.0%, Taiwan–5.8%. See the report of the Future Security Environment Working Group, *Sources of Change in the Future Security Environment* (Washington, D.C.: Commission on Integrated Long-Term Strategy, April 1988), 2–4.

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will control at the turn of the twenty-first century. Kennedy speculates that the United States now accounts for only 18–20 percent of world GNP, a figure that could dwindle to 15 percent by the year 2010.[6]

Whatever the magnitude of the U.S. decline to date and whatever its future dimensions may be, there is no disagreement on one key point: the United States has not lost ground relative to its principal military competitor and, barring some truly miraculous reversal in the Soviet Union's economic performance, it is not likely to do so any time soon. The share of total world output that the U.S. has "given up" in recent years has flowed instead into the hands of Japan, China, and a group of newly industrialized countries that includes South Korea, Taiwan, Brazil, India, and Turkey. Whether they do it at the expense of the Soviet Union and the European Community (as the commission's projections suggest) or the Soviet Union and the United States (as Kennedy's arguments imply) there is little doubt that these countries will increase their share of world product in the years ahead.

Manufacturing Base

Manufactured goods make up only one part of a nation's total ouput, but a part that is clearly critical for creating the implements of military power. Since the end of World War II total U.S. production of manufactured goods has increased considerably.[7] Over the same period, however, the output of other countries has grown even more; and as a result, the U.S. share of total world manufacturing production has declined from nearly one-half in 1945, according to one estimate, to less than one-third in 1980.[8] The increase in overseas production has been accompanied by an intensified competition for global markets and a drop in the American

[6] The Commission's estimates of past and present GNP shares are based on the so-called purchasing power parity (PPP) method of conversion, which compares the cost in each country of a common basket of goods and services rather than simply converting all currencies to their dollar equivalent at the current rate of exchange. Kennedy argues that the recent shift by U.S. government agencies from the exchange rate to the PPP method coincided with the decline of the dollar and was meant to conceal an even greater erosion in the American share of world GNP. According to Kennedy, comparisons at current exchange rates would show Japan's GNP, for example, to be almost two thirds that of the United States, as compared to only one third using PPPs. Advocates of the PPP method respond, however, that its purpose is precisely to filter out the impact of short-term fluctuations in currency values in order to allow a more realistic comparison of real resources across national boundaries. Regarding future growth rates Kennedy suggests that it may be overly optimistic to assume, as the commission's report does, that Japan and the United States will grow at almost the same rate over the next twenty years. Kennedy's views are expressed in a letter to the *Wall Street Journal*, 17 February 1989 and in a letter to the author, 12 April 1989.

[7] See Otto Eckstein, et al., *The DRI Report on U.S. Manufacturing Industries* (New York: McGraw Hill, 1984), 14.

[8] See Kennedy, *Rise and Fall*, 432. Other estimates show the U.S. share dropping from around 40% in 1963 to almost 37% in 1977. See William H. Branson, "Trends in United States International Trade and Investment since World War II" in Martin Feldstein, ed., *The American Economy in Transition* (Chicago: University of Chicago Press, 1980), 192.

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portion of world manufactured exports (measured in terms of value) from around 26 percent in 1960 to 18 percent twenty years later.[9] Since the 1960s, foreign producers have also succeeded in making substantial inroads in U.S. domestic markets. Between 1965 and 1980 the import penetration ratio for all manufactured goods nearly tripled from 4.3 percent to 13.5 percent.[10] More fine-grained Commerce Department figures show a steady upward trend in import penetration ratios between 1972 and 1984, especially in such categories as steel products (up from 10 to 18 percent), screws, nuts and bolts (from 7 to 17 percent) and metal-working machines (from 4 to 13 percent).[11]

Those who worry about decline often argue that these developments are pushing the United States down the road toward deindustrialization. Under pressure from foreign competitors (many of whom receive assistance from their own governments in the form of tariff protection and export subsidies) American manufacturing industries are, it is claimed, being systematically destroyed, and the United States is being forcibly converted into a post-industrial economy.[12] The response to such charges (and to the appeals for protection that often accompany them) has been two-fold. First, whatever changes may be occuring in the structure of the American economy are the product of natural causes (essentially shifts in comparative advantage). Second, there is in fact no evidence of deindustrialization.[13] This latter assertion is usually supported with reference to government statistics that show manufacturing holding a steady share of U.S. GNP (around 22 percent in constant dollar terms) across the entire post-war period.[14] But that claim, in turn, has been challenged by analysts who argue that the Commerce Department figures actually disguise a drop of 3 to 4 percent in the contribution of manufacturing to GNP since the 1970s.[15]

[9] Bruce R. Scott, "U.S. Competitiveness: Concepts, Performance, Implications" in Bruce R. Scott and George C. Lodge, eds., *U.S. Competitiveness in the World Economy* (Boston: Harvard Business School Press, 1985), 27. If, however, the term "U.S. share" is expanded to include the exports *from all locations* of American multinational firms, then the decline may actually have been much less marked. See the discussion in Robert E. Lipsey and Irving B. Kravis, "The Competitive Position of U.S. Manufacturing Firms," *Banca Nazionale Del Lavoro Quarterly Review* 153 (June 1985): 127–154.

[10] Eckstein, et al., *DRI Report*, 16–17. Import penetration is defined as the ratio of imports to import base (the sum of imports and domestic production).

[11] Figures taken from the Commerce Department's 1987 Trade Statistics Data Files.

[12] For two essays in this vein, both of which emphasize the national security implications of deindustrialization, see Paul Seabury, "Industrial Policy and National Defense," *Journal of Contemporary Studies* 6 (1983): 5–15. Also Robert C. Fabrie, "Structural Change in the U.S. Industrial Base: Its Impact on National Defense" in Hardy L. Merritt and Luther F. Carter, eds., *Mobilization and the National Defense* (Washington, D.C.: National Defense University Press, 1985), 85–110.

[13] For differing views on these questions see Robert Z. Lawrence, *Can America Compete?* (Washington, D.C.: Brookings Institution, 1984); Stephen S. Cohen and John Zysman, *Manufacturing Matters* (New York: Basic Books, 1987); and Nicholas S. Perna, "The Shift from Manufacturing to Services: A Concerned View," *New England Economic Review* (January/February 1987): 30–38.

[14] See, for example, Murray Weidenbaum, *Rendezvous With Reality: The American Economy After Reagan* (New York: Basic Books, 1988), 129–135.

[15] See Lawrence Mishel, "Of Manufacturing's Mismeasurement," *New York Times*, 27 November

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Whether or not the total *size* of the manufacturing share has held constant or diminished, there have certainly been shifts in the *composition* of that share. Since the early 1950s the contribution to GNP of the more traditional heavy industries (like primary metals and motor vehicles) has declined, while that of the newer, high-technology sectors (like electronic components, optical equipment, scientific instruments, and office, computing and accounting machines) has increased.[16] In some of the older industries, moreover, the actual volume of U.S. output[17] and the physical capacity for production[18] have also been diminishing over time. These are the changes that are generally considered to have the greatest potential significance from the point of view of national security.

High Technology

In the period immediately following the close of World War II, U.S. preeminence in high technology sectors (usually defined as those requiring a high level of scientific and engineering skills)[19] was, if anything, even more pronounced than in tradi-

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1988. The longer study from which this article is drawn is Mishel, *Manufacturing Numbers: How Inaccurate Statistics Conceal U.S. Industrial Decline* (Washington, D.C.: Economic Policy Institute, April 1988); see also "Strength in Manufacturing Overstated by Faulty Data," *New York Times*, 28 November 1988.

[16] For an analysis see U.S. Congress, Office of Technology Assessment, *Technology and the American Economic Transition: Choices for the Future* OTA-TET-283 (Washington, D.C.: U.S. Government Printing Office, May 1988), 165–72. See also the discussion in David Graham, "National Security Implications of Industrial Structure," 4, mimeographed, May 1986, 4–6, at the Institute for Defense Analyses, Alexandria, Va.

[17] Between 1970 and 1986, for example, U.S. production of crude steel fell from 120 million metric tons (around 21% of total world production) to 73 million metric tons (11% of world output). In this category, therefore, U.S. decline was absolute as well as relative. Central Intelligence Agency, *Handbook of Economic Statistics, 1987* (Washington, D.C.: CIA, 1987), 152.

[18] A recent government-sponsored survey found that while overall U.S. manufacturing capacity increased by 1.5% annually between 1980 and 1985, the so-called practical capacity of a number of industries considered critical to defense mobilization fell significantly. (Practical capacity is defined by the Bureau of the Census as "the maximum level of production possible with the equipment in place and a realistic work schedule.") Among the biggest decliners were the iron, steel, aluminum, and copper industries, the manufacturers of certain kinds of heavy machinery (industrial trucks and tractors, railroad and mining equipment) and the makers of machine tools (both metal cutting and metal forming). Some of this deterioration may have been a temporary result of the unusually high dollar of the early 1980s, but the general trend seems also to be in line with the longer-term tendencies mentioned above. See Donna J. S. Peterson, Nicholas R. Schacht, and Paul R. McClenon, *Identifying Industrial Base Deficiencies* (Bethesda, Md.: Logistics Management Institute, December 1987), A 24–5.

[19] See International Trade Administration (ITA), *An Assessment of U.S. Competitiveness in High Technology Industries* (Washington, D.C.: Department of Commerce, February 1983), 3. Most lists of high technology industries include such things as aircraft engines and parts, communications equipment, electronic components, computers, and scientific instruments. See Joint Economic Committee (JEC), *Technology and Trade: Indicators of U.S. Industrial Innovation* (Washington, D.C.: U.S. Government Printing Office, July 1986), 55.

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tional, heavy industries. One indication of this is the fact that in 1955 the United States supplied nearly 36 percent of total world exports of technology-intensive products as compared to only 26 percent of exports of all manufactured goods.[20] Since the 1960s, high technology industries have become an even more important part of the U.S. economy and of U.S. trade with the rest of the world. By 1984, for example, high technology products accounted for fully 43 percent of all American exports.[21] At the same time, as in manufacturing more generally, the number of foreign competitors has grown; the American share of world high technology exports has diminished somewhat (from 27.5 percent in 1965, according to one estimate, down to 23 percent in 1980, but back up to over 25 percent in 1984);[22] and the degree to which the United States imports high technology items from overseas has increased. High technology imports as a share of apparent domestic consumption (the ratio of imports to domestic production plus imports minus exports, a measure usually only slightly different than import penetration) went up from just over 8 percent in 1974 to almost 12 percent in 1981.[23] Looking more closely reveals that between 1972 and 1984, import penetration ratios have increased for such products as computers and office equipment (from 8 to 15 percent), electronic components (from 6 to 20 percent), and communications equipment (from 3 to 10 percent).[24]

These quantitative measures demonstrate that the United States is no longer as dominant in the manufacture and sale of high technology products. In addition, certain qualitative measures indicate that the United States has lost or is in the process of losing some of its edge as the world's leading technological innovator. Such assessments, based on the judgement of presumed experts, are necessarily subjective and they differ somewhat in their details. Nevertheless, there seems now to be agreement on two points. First, the United States is still the world's foremost producer of new scientific and technological knowledge, although not always in its commercial exploitation. Second, in some high technology industries U.S. manufacturers are no longer the most advanced and in others the advantage seems to be shifting away from the United States and toward other countries, most notably Japan.[25] A 1984 survey of the chief executives of 200 European firms found, for example, that the United States was regarded as the clear leader in five out of nine high technology industries. In two (metals/alloys and robotics) Japan was perceived to hold an advantage, and in two others (electronics and manufacturing

[20] ITA, *An Assessment of U.S. Competitiveness*, 46.

[21] JEC, *Technology and Trade*, 55.

[22] Rachel McCulloch, *The Challenge to U.S. Leadership in High-Technology Industries* (Cambridge, Mass.: National Bureau of Economic Research Working Papers No. 2513, February 1988), 39.

[23] ITA, *An Assessment of U.S. Competitiveness*, 53.

[24] Figures from U.S. Commerce Department's 1987 Trade Statistics Data File.

[25] For general assessments along these lines see McCulloch, *Challenge to U.S. Leadership*. Also Harvey Brooks, "Technology as a Factor in U.S. Competitiveness" in Scott and Lodge, *U.S. Competitiveness*, 328–356.

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technology) the Japanese had gained ground, but had not yet clearly displaced the United States.[26] In 1989 the Defense Department reported to Congress that Japan had acquired a significant lead in developing six of twenty-two technologies deemed critical to U.S. national security.[27] To a far greater extent than previously, other countries now compete with the U.S. for a place at the leading edge of technological progress.

Foreign "Debt"

In 1985, according to official government statistics, the United States went from being a net international creditor to being a net debtor.[28] This development marked a sudden and dramatic departure from the pattern that had prevailed for most of the preceding seventy years.[29] For the first time since the end of World War I, the sum total of U.S. assets held by foreigners (including direct investment in American businesses and both private and government holdings of U.S. Treasury securities and other kinds of stocks, bonds, and securities) exceeded the total of similar foreign assets held by Americans. Once this gap had opened, it proceeded to widen at a rapid pace. By 1987 the U.S. government and American business together had close to $1.2 trillion in assets abroad, while foreign assets in the United States had increased to around $1.5 trillion.[30] Projections show net U.S. debt continuing to grow from over $300 billion in the late 1980s to as much as $1 trillion by the 1990s.[31]

Popular accounts to the contrary notwithstanding,[32] the proximate cause of this dramatic shift cannot be found in any sudden, fundamental deterioration in the competitiveness of American industry; it is found instead in the macroeconomic policies of the first Reagan administration. In the early 1980s a combination of rising budget deficits and tight monetary policy led to increased U.S. real interest rates, which in turn attracted foreign investors, bid up the value of the dollar, and caused American exports to falter while imports increased. By the mid-1980s the

[26] R.D. Norton, "Industrial Policy and American Renewal," *Journal of Economic Literature* 24 (March 1986): 32.

[27] The six categories in which the Japanese now lead are: microelectronic circuits, gallium arsenide and other compound semiconductors, integrated optics, superconductivity, robotics, and biotechnology. See Martin Tolchin, "Technology Report Finds U.S. Lagging," *New York Times*, 16 May 1989.

[28] *Economic Report of the President, 1988* (Washington, D.C.: U.S. Government Printing Office, 1988), 369. See also Arelene Wilson, *The United States as a Net International Debtor* (Washington, D.C.: Congressional Research Service, May 1985).

[29] See the discussion in Robert Gilpin, *The Political Economy of International Relations* (Princeton, N.J.: Princeton University Press, 1987), 308-314. See also Stephen Marris, *Deficits and the Dollar* (Washington, D.C.: Institute for International Economics, 1987), 78-85; and Benjamin M. Friedman, *Day of Reckoning* (New York: Random House, 1988), 209-232.

[30] See Russell B. Scholl, "The International Investment Position of the United States in 1987," *Survey of Current Business* 68 (June 1988): 76-84.

[31] Marris, *Deficits and the Dollar*, 86.

[32] See for example, "A New Economic Role for the U.S.," *International Herald Tribune*, 17 April 1987.

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United States was buying a great deal more from other countries than they were buying from it, and it was paying for the difference with dollars, which were then promptly reinvested in the United States. As the flow of capital into the United States increased, total foreign holdings of American assets first equalled and then surpassed total American holdings of assets in foreign countries.[33]

Recent analyses suggest that the accepted government accounting techniques may actually understate the value of American assets overseas, thereby exaggerating the extent to which the net U.S. international investment position has deteriorated.[34] But even adjusted figures show a considerable increase in the amount of foreign direct investment in American businesses, an expansion in foreign holdings of U.S. government securities, and a general downward trend in the U.S. net position. It is these first two tendencies rather than the overall balance of capital flows that could turn out to be of strategic significance.

To sum up, the available evidence indicates a diminished (and possibly still diminishing) U.S. share of total world output and an ongoing global proliferation of productive capacity. The U.S. share of world output and exports of manufactured goods has diminished, American imports of manufactured goods have increased relative to domestic production, and there has been some shift in the composition of U.S. manufactured output away from the traditional heavy industries. Although the decline in its share of world high technology exports may have stopped, the United States is no longer the clear leader in this important area. More countries are making and selling more high technology products than ever before. The importance of high technology imports to the United States has grown, and the U.S. qualitative lead in various high tech sectors has come increasingly under challenge. Finally, in recent years there has been a considerable increase in the quantity of foreign capital flowing into the United States.

Implications

Retrenchment

An increasing number of observers have concluded that in response to its relative economic decline the United States should withdraw substantially from the stra-

[33] For concise accounts see Martin Feldstein, "Correcting the Trade Deficit," *Foreign Affairs* 65 (Spring 1987): 795–806. Friedman, *Day of Reckoning*, 163–186; and Robert Gilpin, "American Policy in the Post-Reagan Era," *Daedalus* 116 (Summer 1987): esp. 44–46. For further discussion see the essays in Ralph C. Bryant, Gerald Holtham, and Peter Hooper, eds., *External Deficits and the Dollar* (Washington, D.C.: Brookings Institution, 1988).

[34] The Commerce Department lists direct investment at its original book value rather than attempting to estimate its current market value. Since U.S. direct investment overseas is generally older than foreign direct investment in the U.S. (and has, therefore, presumably increased its value more), this practice may systematically overstate the apparent difference between the value of foreign and American-held assets. For a discussion of this and several other possible problems with the Commerce Department figures see Sarah A. Hooker, *The International Investment Position of the United States* R-3610-OSD (Santa Monica, Calif.: RAND, October 1988).

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tegic commitments it took on in the wake of World War II. Defending those commitments requires maintaining a large peacetime military establishment and that in turn demands substantial, persistent defense expenditures. Over the last forty-five years those expenditures may have hindered the economic progress of the United States and contributed to its decline in relation to other, less heavily burdened states. Even if this has not been true in the past, as the global economic competition intensifies the United States can no longer afford to expend so large a fraction of its resources on non-productive purposes. Sharp cutbacks in commitments and, therefore, in defense spending are, it is claimed, essential if the United States is to increase its competitiveness and shore up what remains of its international position.

The argument that retrenchment is necessary turns on the unquestionable observation that national resources are always scarce. At any given moment a country's output can be allocated among an infinite array of possible combinations of private consumption, private investment, government spending of all types (including outlays for both defense and non-defense programs), and net exports. For any given level of gross national product, if more resources are devoted to one of these categories, then fewer will be available for some or all of the others. If, for example, private consumption, non-defense government spending, and net exports are assumed to be fixed, then as the share of GNP allocated to military spending is increased, the portion allocated to private investment will have to decline. Less private investment, however, is likely to mean slower growth. In this way, under certain specified conditions, raising defense spending may hurt a nation's economic prospects and its ability in the future to maintain its military capabilities. As Paul Kennedy puts it: "If too large a proportion of the state's resources is diverted from wealth creation and allocated instead to military purposes, then that is likely to lead to a weakening of national power over the longer term."[35]

Since the end of World War II the United States has devoted a comparatively large (although, with the passage of time, a generally diminishing) fraction of its output to defense. (See Table 1.) When compared to several of its allies, the United States has expended relatively less on investment, and it has also tended to grow less quickly. Some analysts have linked these facts together and have concluded that military spending is primarily responsible for America's post-war relative economic decline. Lester Thurow, for example, asserts that, since World War II, the United States has "essentially taken defense out of investment" and that "the consequences have now caught up with us to produce an uncompetitive economy."[36]

The force of this argument is diminished by the fact that it overlooks the single largest use of national output – private consumption. In recent decades the United States has devoted a significantly larger fraction of its output to this end than

[35] Kennedy, *Rise and Fall*, xvi.

[36] Lester Thurow, "Budget Deficits" in Daniel Bell and Lester Thurow, *The Deficits: How Big? How Long? How Dangerous?* (New York: New York University Press, 1985), 123.

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TABLE 1

Average Allocations of Gross Domestic Product, 1960–1979

	Fixed Capital Formation	Military Spending	Consumption: Govt	+ Private	= Total	Annual Growth Rate
US	17.6%	7.4	10.9	63.0	73.9	3.6
FRG	24.1	3.9	13.2	55.6	68.8	3.9
Japan	32.7	0.9	7.7	55.4	63.1	8.5

Source: Kenneth A. Oye, "International Systems Structure and American Foreign Policy" in Kenneth A. Oye, Robert J. Lieber, and Donald Rothchild, eds., *Eagle Defiant* (Boston: Little, Brown and Co., 1983), 10.

have many of its allies and major trading partners. If in the past investment in the United States has been crowded out, it is not simply because defense spending has been high, but because defense and consumption *together* absorbed a comparatively large fraction of the total available national resources.

In order to improve its competitive performance in the future the United States may, as many economists are now urging, have to increase the share of national resources that it devotes to investment.[37] This could be done in a variety of ways, of which reducing defense spending alone would be only one. Cutting back on the portion of national output that goes to private consumption or many forms of non-defense government spending could achieve the same result, as could a mix of reductions in all three areas. A policy aimed at maintaining (or slightly reducing) defense's share of GNP while increasing the fraction that goes to investment would have costs. It might, for example, require increased taxes on consumption and somewhat lower relative levels of government spending on some non-defense programs. Whether these costs are worth paying is a matter of strategic and domestic political choice. If it needs to, and if its people are willing, the United States can continue to support its present global military posture without hastening its relative economic decline. Retrenchment is certainly an option, but it is not a necessity.[38]

Financial Coercion

The economic trends of recent decades do not compel an American strategic withdrawal. Some of the changes that have occurred may, however, impose new and serious limitations on U.S. freedom of diplomatic and military maneuver. One

[37] See, for example, the discussion in Friedman, *Day of Reckoning*, esp. 28–50.

[38] For an elaboration of these arguments see Aaron L. Friedberg, "The Political Economy of American Strategy," *World Politics* 41 (April 1989): 381–406. For analyses that reach similar conclusions see Huntington, "Decline or Renewal." Also Francis M. Bator, "Must We Retrench?," *Foreign Affairs* 68 (Spring 1989): 93–123.

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possibility that has received attention over the last several years is that as the result of its considerable net international indebtedness the United States may now be vulnerable to foreign (and, in particular, *Japanese*) financial pressures in a way that it has never been before. Some observers have gone so far as to conclude that the United States is already "a prisoner of foreign capital" that has "lost its position as an independent power."[39] Others point out simply that "over the next few years" at least, the United States will no longer be "fully in control of its economic fortunes . . . these now depend, as never before, on the whims of its foreign creditors."[40]

During the course of the 1980s the United States came to rely heavily on inflows of capital to finance its sizable budget deficit.[41] If the willingness of foreigners to invest in the U.S. economy were now to diminish suddenly, the consequences could be quite severe. A sharp drop in foreign demand for U.S. Treasury securities, for example, could force interest rates to rise and economic growth to slow. As foreigners became less eager to buy dollars with which to invest in the United States, the value of the dollar on international currency markets would also tend to fall. This would make American exports more attractive, and over time it could help to diminish the size of the U.S. trade deficit. But it would also make foreign imports more expensive, and it might therefore help to stimulate domestic inflation. Some economists also worry that a rapidly declining dollar could gather downward momentum as panicky foreign investors, anticipating even larger losses, sought to unload their substantial dollar holdings. According to some estimates, such a hard landing would quickly reverse the trade deficit and erase net external U.S. debt, but at the cost of an ugly combination of high inflation, high unemployment, and slow growth.[42]

There is evidence that fear of provoking a collapse in the dollar has already had an impact on U.S. monetary policy. In 1987, for example, the Federal Reserve Board was reported to have tightened credit to ensure that dollar-denominated investments remained attractive to foreigners in spite of the fact that domestic economic conditions seemed to call for lower interest rates.[43] The growing need to be sensitive to overseas reactions could conceivably come to influence a wide range of other possible government decisions about both economic and non-economic issues. According to one expert, the vast U.S. net foreign debt means that "Amer-

[39] Felix Rohatyn, "Restoring American Independence," *New York Review of Books*, 18 February 1988, 8–10.

[40] Marris, *Deficits and the Dollar*, 159.

[41] See the discussion in Gilpin, *Political Economy of International Relations*, 328–336. Also Emma Rothschild, "The Reagan Economic Legacy," *New York Review of Books*, 21 July 1988, 33–41.

[42] For a discussion of various different scenarios for the decline of the dollar see Marris, *Deficits and the Dollar*, 105–143.

[43] "Dollar Looms Bigger In the Fed's Decisions, At Risk of Recession," *Wall Street Journal*, 19 May 1987. See also "Analysts Fret Over Holdings of Debt Issues By Foreigners," *Wall Street Journal*, 24 February 1986.

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ican economic policy, and perhaps its foreign policy as well, may . . . be increasingly constrained by the need to take creditors' views into constant account."[44]

In contemplating a diplomatic or military initiative the United States government would now have to consider far more carefully than ever before the potentially unfavorable reactions of private foreign investors. In some circumstances American decision makers might also have to be concerned about the responses of foreign governments and government-controlled central banks, which through their action (or inaction) could influence the value of the dollar and the condition of the American economy.[45] The threat of an unsupportive response could deter the United States from acting in the first place; the execution of such threats might impose heavy costs and could force a reversal of policy. Robert Gilpin sums up the possible implications of indebtedness for U.S. foreign policy by arguing that: "It would be very difficult for the United States to fight another war on the same scale as the Korean or Vietnamese conflicts without Japanese permission and financial support of the dollar."[46]

The use of financial pressures by one government to influence the strategic behavior of another is not without precedent. In November 1956, following the initial Anglo-French-Israeli attempt to seize the Suez Canal, Britain found itself facing a severe financial crisis as foreign governments and private overseas investors (especially those in the United States) sold off their holdings of sterling.[47] When the British applied to the United States for an emergency $1 billion loan with which to buy pounds and prop up their value, they were informed that their request would be denied until they had agreed to a cease-fire. After pleading unsuccessfully with his American counterpart to "go easy on the pound," the chancellor of the exchequer had no choice but to warn the cabinet that unless Britain stopped fighting the stability of the nation's currency could not be guaranteed. The prospect of further financial collapse appears to have played an important part in the British decision to give in to American pressure and call off the invasion.[48]

[44] C. Fred Bergsten, "Economic Imbalances and World Politics," *Foreign Affairs* 65 (Spring 1987): 784.

[45] According to an official of the Chase Manhattan Bank, in the Japanese case the distinction between private and governmental financial actors might be a difficult one to draw: "The concentration of Treasuries in a handful of Japanese institutions that their authorities can easily direct is. . . . politically worrisome. . . . [T]he [Ministry of Finance's] ability to 'guide' Japanese institutions gives it an unprecedented ability to intervene in U.S. domestic markets. . . . This situation is without parallel in modern times." R. Taggart Murphy, "Power Without Purpose: The Crisis of Japan's Global Financial Dominance," *Harvard Business Review* (March-April 1989): 79.

[46] Gilpin, "American Policy in the Post-Reagan Era," 49.

[47] Although they were not entirely certain, British officials suspected that the U.S. government was acting to encourage the sale of pounds by private speculators. According to Harold Macmillan, then chancellor of the exchequer, "How far this [selling] was due merely to the desire to avoid loss and how far this followed the lead of the United States Treasury is hard to know." Quoted in Chester L. Cooper, *The Lion's Last Roar: Suez, 1956* (New York: Harper Row, 1978), 191.

[48] Ibid., 192. For a slightly different account see Anthony Nutting, *No End of a Lesson* (London: Constable, 1967), 146.

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There are, of course, a number of important differences between the situation in which the British found themselves thirty years ago and that in which the United States might find itself in some future confrontation with Japan. The very extent of Japanese investment in the United States and penetration of U.S. markets creates an important degree of interdependence (as compared to pure, one-sided dependence) between the two countries. If the dollar were to fall drastically in relation to the yen, U.S. imports of Japanese products would decline as well; and so would the value of the assets held in such large quantities by Japanese investors. Under present conditions the Japanese might be able to do great harm to the United States, but only at great cost to themselves. Indeed, the relationship between the United States as debtor and Japan as creditor has recently been compared to a situation of mutual nuclear deterrence.[49] While this would seem to reduce American vulnerability to the execution of coercive threats, it does not rule out the chance that governments could play games of financial chicken, nor does it preclude the possibility that a diplomatic crisis could trigger a panic, a series of unplanned, uncoordinated, but nevertheless mutually harmful economic events.

Mobilization Constraints

Over the last ten years ongoing changes in the structure of the American economy and in the place of the United States in the world economy have given rise to two related worries. The first is simply that the United States may be losing or may already have lost the capacity to produce on its own soil key materials, tools, components, and weapons systems in needed quantities and at sufficient speed to satisfy military demand in a future national emergency. Failure to do so could in the most extreme circumstances result in defeat for the United States or one of its allies. With the growth of American reliance on imports there is also increased concern that sudden loss of access to foreign suppliers, whether for political or military reasons, could severely hamper an ongoing U.S. mobilization effort. Once again, the results could conceivably be disastrous.

Dramatic increases in military production are obviously not probable, but they are clearly not impossible either; neither are total or partial disruptions in the flow of militarily critical imports. The most demanding, most studied, and certainly the least likely contingency would be one in which the United States found itself engaged in a protracted conventional war with the Soviet Union. In the course of such a conflict, foreign factories might be destroyed or overrun and transportation links between North America, Europe, and the Far East could be cut or rendered unreliable.

As happened before the American entry into both world wars, a dramatic deterioration in diplomatic relations between the United States and one or more potentially hostile major powers could lead to a period of intensified defense prepara-

[49] Bergsten, "Economic Imbalances," 784.

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tions. The ability of the United States to increase its military capabilities in a smooth, speedy, and impressive fashion could help to deter an opponent and prevent a crisis from giving way to war. In such circumstances the United States would probably be able to rely on its friends and allies for economic support, but some of its trading partners might find themselves under pressure to suspend shipments of war materials in order to increase their chances of remaining neutral in a coming conflict.

Although the likelihood is small, the United States could again be involved in a serious conflict with a well-armed Third World state. If they disapproved of American actions, key foreign countries could order their manufacturers to suspend sales of strategically sensitive items to the United States. Something like this may already have happened at least once during the Vietnam war when Sony, the Japanese electronics firm, reportedly withheld television cameras needed for mounting in U.S. missiles.[50]

Finally, and perhaps most plausibly, there may be situations in which the United States will feel compelled quickly to supply its friends with large quantities of sophisticated arms. Given the pace and destructiveness of modern warfare, the volume of weapons required could rapidly exhaust existing stockpiles. Production might have to be increased in order either to keep a friendly government fighting or to rebuild American war reserves or both. In 1973 the U.S. capacity to surge production of new tanks was found to be quite limited, and the army was forced to deplete its stock of armor in Europe to resupply Israel.[51] During the Falklands war the United States provided Britain with the MK-15 weapons system and with AIM9L missiles drawn from its own stockpiles. According to one account, if that conflict had gone on much longer, U.S. war reserves would have been dangerously diminished.[52] In some future crisis, disagreements over policy could lead to disruptions in shipments of parts and materials from third countries to the United States and to delays in delivery of weapons from the United States to a beleagered ally.

Concern over the ability of American industry to meet emergency defense needs dates back to the aftermath of the Vietman war. At least initially the apparent erosion in mobilization potential was blamed largely on poor government planning, sharp fluctuations in demand for defense products, and inefficient and unnecessarily cumbersome contracting policies, all of which combined to discourage firms from remaining in the military supply business.[53] With the passage of time,

[50] See Martin Libicki, Jack Nunn, and Bill Taylor, *U.S. Industrial Base Dependency/Vulnerability: Phase II* (Washington, D.C., National Defense University, 1987), 94.

[51] See Martin Libicki, *Industrial Strength Defense* (Washington, D.C.: National Defense University, 1988), 35.

[52] See the report by the Air Force Association and the U.S. Naval Institute Database, *Lifeline in Danger: An Assessment of the United States Defense Industrial Base* (Arlington, Va.: Aerospace Education Foundation, 1988), 12.

[53] The development of U.S. post-war mobilization policies is traced in Roderick L. Vawter, *Industrial Mobilization: The Relevant History* (Washington, D.C.: National Defense University Press, 1983).

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however, the problems of the defense sector have been seen increasingly as another illustration of a more general pattern of deterioration in American industry. This shift in perspective is evident in the changed tone and emphasis of official reports on the subject of industrial preparedness. In 1976 a Defense Science Board Task Force concluded:

> the time has come to reenergize our national planning in order to use our position as the pre-eminent industrial and technological nation in the world to adequately support our national security objectives.[54]

By contrast, a 1988 report by the under secretary of defense for acquisition began by observing:

> There is a growing perception among American citizens that America's industrial base is on a downhill course to second-class status. . . . The Department of Defense is also becoming increasingly concerned. Many basic industries of importance to defense production have declined, threatening the responsiveness of our industrial base.[55]

Since the late 1970s there has been an upsurge of government interest in defense industrial preparedness, and beginning in the early 1980s this concern has manifested itself in a series of studies, some of which are listed below in Table 2.

Between 1983 and 1985 a number of research teams sought to estimate the speed with which American manufacturers could increase production of a range of specific items from tanks, armored vehicles, and aircraft to jet engines, torpedoes, and precision guided munitions (PGMs).[56] In their search for possible mobilization bottlenecks, analysts were driven to look not only at the major manufacturers of fully assembled weapons, but at the makers of the many sub-systems and sub-sub-systems that went into each finished product. This process revealed that particularly at the lower tiers of the production system American companies had often come to rely on foreign suppliers of low-cost, high-technology components. A 1985 General Accounting Office (GAO) study found, for example, that a subcontractor on the TOW II missile was completely dependent on foreign sources for quartz

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Influential expressions of concern over U.S. capabilities in the late 1970s can be found in Paul Bracken, "Mobilization in the Nuclear Age," *International Security* 3 (Winter 1978/79): 74–93; and Fred Charles Ikle, "Could We Mobilize Industry?," *Wall Street Journal*, 26 December 1979.

[54] Quoted in the introduction to the subsequent 1980 Defense Science Board Task Force on industrial responsiveness, which is reproduced in *Capability of U.S. Defense Industrial Base*, House Armed Services Committee, 96th Congress, 2nd sess. (Washington, D.C.: U.S. Government Printing Office, 1980), 1540–1764. In addition to the 1980 DSB report, see also *The Ailing Defense Industrial Base: Unready for Crisis*, Defense Industrial Base Panel of the House Armed Services Committee, 96th Congress, 2nd sess. (Washington, D.C.: U.S. Government Printing Office, 1980).

[55] Report by the Under Secretary of Defense (Acquisition), *Bolstering Defense Industrial Competitiveness* (Washington, D.C.: Department of Defense, July 1988), 1.

[56] For a discussion of the origins and the interconnections among these studies see Libicki, *Industrial Strength Defense*, 16–24. Also Roderick L. Vawter, *U.S. Industrial Base Dependency/Vulnerability: Phase I* (Washington, D.C.: National Defense University, 1986), esp. 3–34.

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TABLE 2

Major Defense Industrial Base Studies

Year	Study	Agency	Scope
1983	Industrial Responsiveness Study	Industry-DoD	Hawk, Phoenix, TOW II plus 10 other systems
1984	Blueprint for Tomorrow	Air Force	Aircraft, engines, tactical missiles
1985	Precision Guided Munitions Study	Joint Chiefs	20 PGMs
1985	Industrial Responsiveness Analysis	Industry-DoD	27 major systems and sub-systems
1985	Defense Industrial Base Study	GAO	M1, Harpoon plus 3 others
1985	Effect of Foreign Dependencies	Joint Logistics Commanders	M1, Sparrow, F-16 plus 10 others
1987	Dependency/Vulnerability Study	Mobilization Concepts Development Center	17 PGMs

optics and that another involved in work on the M1 tank bought special electronic components from an American importer who in turn purchased them in Taiwan.[57]

Dawning awareness that U.S. defense manufacturers might already be heavily dependent on imported parts and mounting official worry over what this might mean gave rise to a second and still on-going wave of studies. In 1985 the Joint Logistics Commanders commissioned a wide-ranging analysis of the impact of a loss of imports on military mobilization. Although the report is still classified, it apparently concluded that if U.S. weapons makers were suddenly forced to rely solely on domestic suppliers for all parts and sub-components, production of such systems as the M1 tank, the AIM-7 missile, the OH-58D helicopter, and the F-16 and F/A-18 fighters could be delayed for anywhere from six to fourteen months.[58] In 1987 a more limited study by the Mobilization Concepts Development Center of the National Defense University found that loss of access to Japanese-made silicon field effect transistors could delay manufacture of PGM radar systems for over twelve months, while domestic producers of these crucial semiconductor devices geared up to meet emergency demand.[59]

[57] Report to the Subcommittee on International Trade, Finance, and Security Economics of the Joint Economic Committee, *Assessing Production Capabilities and Constraints in the Defense Industrial Base* (Washington, D.C.: General Accounting Office, 1985), 33.

[58] Air Force Association and U.S. Naval Institute, *Lifeline in Danger*, 17.

[59] Libicki, Nunn, and Taylor, *U.S. Industrial Base Dependency/Vulnerability: Phase II*, 43. The

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In addition to these more specific weapons production studies, the Defense Department has also conducted a number of broader reviews of the health of several American high technology sectors. A 1986 study of the ball bearing industry found that foreign manufacturers were capturing "an ever increasing share of the U.S. market" and warned that the already limited ability of American firms to surge production of the precision bearings needed for crucial items like gas turbine engines could only be "expected to worsen in the next few years."[60] In early 1987 the Defense Science Board published a comprehensive analysis of the domestic semiconductor industry, which concluded that while the precise number could not be specified, a "significant fraction" of the integrated circuits used in the newest U.S. weapons systems were "entirely made, or packaged and tested, abroad." Without some prompt action "to assure the availability of domestic sources or stockpiles, or both," the report concluded, "the U.S. could be denied timely access to these militarily critical devices in wartime. . . ."[61] Later that same year a Defense Department working group found that over half of all military requirements for finished optical elements were being met by foreign firms. This study concluded that shortages of raw materials, skilled workers, and specialized tools would hamper any emergency effort to increase domestic production of precision optical devices.[62]

While the possibility of problems at the higher end of the technological spectrum has tended to receive greatest attention from the military services and the Defense Department, there have also been warnings of potential difficulties in the more traditional heavy-manufacturing sectors. In the early 1980s a number of older industries whose positions had long been eroding under the pressure of foreign competition were brought several steps closer to extinction by sudden increases in the value of the dollar. Between 1981 and 1984 representatives of the ferroalloy, metal fastener, and machine tool industries, each claiming that its continued existence was vital to national security, appealed for protection under a special provision of the U.S. trade laws.[63]

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report went on to suggest, however, that these problems could be dealt with at relatively low cost through the creation of critical component stockpiles. Ibid., 43–48.

[60] Portions of the Joint Logistics Commanders Bearing Study are reprinted in Hearings Before the U.S. Senate Committee on Finance, *The Threat of Certain Imports to National Security*, 99th Congress, 2nd sess., 13 August 1986 (Washington, D.C.: U.S. Government Printing Office, 1987), 143–151.

[61] Report of the Defense Science Board Task Force, *Defense Semiconductor Dependency* (Washington, D.C.: Department of Defense, 1987), 2.

[62] For a summary of the so-called Joint Precision Optical Technical Group report see Air Force Association and U.S. Naval Institute, *Lifeline in Danger*, 49–50.

[63] Section 232 of the Trade Expansion Act of 1962 "requires the Secretary of Commerce to conduct immediately an investigation to determine the effects on national security of imports of an article, upon the request of any U.S. Government department or agency, the application of an interested party, or his own motion." The secretary must then report his findings to the president who may either reverse them or "take such action for such time as he deems necessary to 'adjust' the imports of the article and its derivatives." Of the sixteen investigations conducted between 1962 and 1983 only three (each involving oil) have resulted in clear findings that imports endangered national security. See the discussion in Committee on Finance, *The Threat of Certain Imports to National Security*, 5–13.

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Justly fearful that granting any of these requests would unleash a flood of similar claims by other domestic manufacturing groups (as well as possibly triggering a cycle of damaging foreign retaliation) the federal government denied all three appeals. Nevertheless, studies conducted in each case did suggest the possibility of certain problems. In its review of the metal fastener case, for example, the Commerce Department found that as of 1982 the United States was importing close to two-thirds of the nuts, bolts, and large screws needed to hold together virtually all types of military equipment. Many of these imports were coming from Japan, Taiwan, and India. The department's analysts concluded, however, that such a stiuation need not pose a threat to national security *provided*, first, that "our major foreign suppliers are politically reliable"; second, that "shipping losses from the major exporting countries in Asia would be minimal"; and, third, that if they were cut off from supplies of raw materials, Asian fastener manufacturers could still obtain sufficient quantities of suitable-grade steel from the United States.[64] If any one of these assumptions failed to hold, then presumably there could be shortages and delays. The Commerce Department did not recommend any government action on metal fasteners; but its reports in the other two cases did lead to a decision in 1984 to increase stockpiles of some ferroalloys,[65] and in 1986 to a series of steps designed to preserve at least a part of the domestic machine tool manufacturing industry.[66]

Efforts to come to grips with the possible strategic implications of industrial change are quite recent and most have thus far been quite limited. The various studies referred to above concentrate either on a particular sector or a specific

[64] Excerpts from the Commerce Department report are reproduced in Hearings before the Subcommittee on Economic Stabilization of the House Committee on Banking, Finance and Urban Affairs, *The Defense Industrial Base Revitalization Act*, 98th Congress, 1st sess. (Washington, D.C.: U.S. Government Printing Office, 1983), 501–2.

[65] Ferroalloys are essential to the manufacture of steel. Domestic production has been dropping since the early 1970s and imports (especially those from South Africa) have been rising. For an analysis see Myron G. Myers, Donna J. S. Peterson, and Robert L. Arnberg, *The Effects of a Loss of Domestic Ferroalloy Capacity* (Bethesda, Md.: Logistics Management Institute, 1986).

[66] Imports of machine tools, which had been increasing steadily since the 1950s, jumped even higher in the early 1980s. According to estimates prepared for the National Machine Tool Builders Association (NMTBA) by Data Resources Incorporated, if the United States were involved in a large conventional war in which imports could not be obtained, demand for machine tools would quickly exceed supply resulting in "substantial and unacceptable delays" in military production. Rather than grant the NMTBA's request for tariffs, in 1986 the Reagan administration decided to seek Voluntary Restraint Agreements with Japan, West Germany, Switzerland, and Taiwan on certain categories of machine tool imports. In addition, the Defense and Commerce Departments were ordered to formulate a Domestic Action Plan, which was intended to help reinvigorate the U.S. machine tool industry. For the NMTBA's case see Hearing Before the Joint Economic Committee, *The Machine Tool Industry and the Defense Industrial Base*, 98th Congress, 1st sess. (Washington, D.C.: U.S. Government Printing Office, 1983), 7–125. For a summary of subsequent actions see a statement by the Commerce Department's Assistant Secretary for Trade Administration in Committee on Finance, *Threat of Certain Imports to National Security*, 73–86.

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weapons system. Gauging the likely responsiveness in a crisis of the entire American defense industrial base would require much more extensive analysis and, among other things, much better information than is presently available. On the crucial question of high technology import dependency, for example, a recent government report concludes: "The Department of Defense does not know the extent to which foreign-sourced parts and components are incorporated in the systems it acquires. There is no systematic, established means to identify foreign-sourced parts and components and, hence, no way to determine the extent of foreign dependencies or vulnerabilities."[67] Merely collecting this information will be a costly and complicated task.[68]

In addition to their narrow scope, existing analyses also typically rest on a number of crucial but often unexamined assumptions about, among other things, the limitations on domestic capacity in an emergency and, perhaps most important, the extent to which access to foreign suppliers might be lost in a crisis. Thus the 1985 Joint Logistics Commanders' study appears to postulate a sudden and complete isolation of the United States from all of its trading partners; at the other extreme, the Commerce Department's judgment in the metal fasteners case rested on the belief that deliveries of parts from Asia would never be disrupted. Analyses that examine a wider range of plausible scenarios apparently have yet to be attempted.

The composition of the American industrial base is shifting, and the degree to which the United States relies on imports of a wide range of products has increased. With all of their limitations, the available studies do suggest that under conditions that are improbable but not inconceivable these changes could seriously complicate any future effort either to surge production of arms and equipment or to completely mobilize the American economy for war.

Technology Dependency

Because they can manufacture them at lower cost, the United States has already come to rely heavily on foreign producers of both high and low technology components for its major weapons systems. This reliance appears to be increasing;[69] in certain crisis situations, it could create real strategic problems. There is another, subtler form of dependence that may now be developing and that could have an important impact, not only on mobilization, but on the U.S. ability to conduct an ongoing peacetime military competition. In the near future the United States may have to turn to other countries (and, in particular, to Japan) not only for standard parts but for the highest forms of technology. In other words, foreigners may soon be able to make things like the world's highest capacity integrated cir-

[67] Under Secretary of Defense (Acquisition), *Bolstering Defense Industrial Competitiveness*, 47.

[68] See Defense Science Board, *The Defense Industrial and Technology Base* (Washington, D.C.: Defense Science Board, October 1988), 48.

[69] Under Secretary of Defense, *Bolstering Industrial Competitiveness*, 47.

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cuits that their American counterparts simply cannot. In addition to the more obvious commerical consequences, such a state of affairs could have implications for the entire U.S. defensive posture.

The difference between the two forms of dependency and the possibility that the second may be even more important over the long run than the first is indicated quite clearly in the 1987 report of the Defense Science Board (DSB) task force on semiconductors:

> Although the Task Force initially focused on the availability of semiconductor *hardware* to support defense needs, particularly during time of mobilization, it rapidly became evident that the principal concern was the fact that advanced semiconductor *technology* simply would not be available within the United States to support the development of leading edge defense systems.[70]

In explaining the emergence of this possibility, the DSB report noted a pattern that could be replicated in other sectors. As foreign (especially Japanese) manufacturers have gained an increasing share of the world market for commercial semiconductors, they have been able to generate enormous revenues and to fund large-scale research and development programs. These programs, in turn, have allowed foreign firms to narrow and perhaps to begin to cross the technological gap with their American rivals.[71] Japan's success in the 1970s and 1980s in mass producing the basic silicon-based integrated circuits found in so many consumer products may soon be followed by a Japanese advantage in other, more advanced technologies. Thus some U.S. government agencies are concerned that Japanese manufacturers have already moved ahead in the fabrication of faster, sturdier devices based on gallium arsenide (GaAs) in place of silicon.[72] Recent reports suggest that the Japanese may also be about to gain an edge in the use of X-rays to etch integrated circuits far denser than those presently available.[73]

In one sense, a surrender of superiority in key technological areas would only make more severe the kinds of problems that have already been discussed. If it were necessary in an emergency, American firms could eventually gear up to make more of the things like nuts and bolts or memory chips of current design that they are already quite capable of building. The time required to develop, test, and mass produce products based on entirely new technologies would presumably be much longer and might very well be too long to make any difference in a military crisis.

[70] DSB, *Defense Semiconductor Dependency*, 68. (Underlining in original.)

[71] Ibid., 26. For more on the U.S.–Japanese competition in semiconductors see Hearings Before the Subcommittee on Trade, Productivity, and Economic Growth of the Joint Economic Committee, 99th Congress, 1st sess., *United States–Japan Trade: Semiconductors* (Washington, D.C.: U.S. Government Printing Office, 1986).

[72] GaAs devices could be used to improve the performance of a wide range of communications and guidance systems. See National Research Council, *Foreign Production of Electronic Components and Army Systems Vulnerabilities* (Washington, D.C.: National Academy Press, 1985), esp. 33–37.

[73] See "Experts Warn of U.S. Lag in Vital Chip Technology," *New York Times*, 12 December 1988.

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Inferiority in key components could also result in an erosion in the comparative performance of larger American-made systems. Thus, there is increasing concern that if the Japanese move ahead in the development of very high speed semiconductors, they might also be able to gain a decisive advantage in the manufacture of supercomputers. Indeed, some American experts now worry that Japanese chip manufacturers (some of whom, like Fujitsu, are also in the supercomputer business) are holding back their latest products in order to hinder the progress of their U.S. competitors.[74] If it wants the very best available, in the near future the U.S. government may have to rely on others not only for parts but for entire machines. In this fashion, one level of dependency could easily give rise to the next.[75]

Having to buy foreign supercomputers for cryptanalysis or bomb design might seem more painful to American pride than to anything else, but in some subtle ways technological dependency could hinder U.S. efforts to develop the most sophisticated new weapons systems. As a recent report by the General Accounting Office points out: "Foreign high-technology companies may be reluctant to commit resources to design specific items required by DoD [Department of Defense] when they find it more profitable to turn their energies in other directions."[76] On the other side of the coin, American officials might have reason to fear the security risks involved in cooperating too closely with foreign (or even the increasing number of U.S.-based, foreign-owned) companies in the design and manufacture of the latest weapons and communications systems.[77] In some instances, according to the GAO, the government might have to choose between "stimulating domestic development or doing without the desired technology."[78]

If other countries possess a meaningful advantage in critical technologies, they might someday be able to build weapons with performance characteristics superior to those of their American counterparts. Alternatively and perhaps more probably, given that for the foreseeable future the most likely other country is Japan, a foreign technology leader could sell its products to third parties who might then use them for military purposes. Even sales of sensitive items that were technologically equal or inferior to American-made goods have in the past allowed less advanced countries to close the gap in military capabilities between themselves and the United States. Using several large milling machines that they were able to obtain from the Toshiba Machine Tool Company, the Soviets have apparently been able to build better propellers and quieter, less-easily detectable submarines.[79] Ex-

[74] See "A High-Tech Lead in Danger," *New York Times*, 18 December 1988. Also "Japan Claims Supercomputer Lead," *New York Times*, 7 December 1988.

[75] For an expression of government anxiety on this prospect, see DSB, *The Defense Industrial and Technology Base*, 13.

[76] U.S. Congress, Office of Technology Assessment (OTA), *The Defense Technology Base: Introduction and Overview* (Washington, D.C.: U.S. Government Printing Office, March 1988), 14.

[77] Libicki, Nunn, and Taylor, *US Industrial Base Dependence/Vulnerability: Phase II*, 94.

[78] OTA, *The Defense Technology Base: Introduction and Overview*, 14.

[79] Research Institute for Peace and Security, Tokyo, *Asian Security: 1987–88* (London: Brassey's, 1987), 163–5.

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tremely pure Halon gas purchased from a Japanese chemical company may soon permit the Soviets to increase the accuracy of their ballistic missile guidance systems.[80] If the technologies being transferred are actually *superior* to anything available in the United States, incidents of this sort could have even more serious strategic consequences. Over time they might result in a greater convergence in the capabilities of U.S. and Soviet weapons systems, thereby undermining the traditional American strategy of using quality to offset quantity.

Assuming (as seems likely) that the U.S.–Soviet military competition has not yet reached its final resting point, technology transfer is going to become an even more contentious issue between the United States and its allies in the years ahead. This will be so especially if political relations between the Soviet Union and the West continue to improve, the Soviets continue to press for ever greater access to western technology, and at the same time the technological gap between the U.S. and some of its economic competitors grows even narrower.

Technological Diffusion

Whether or not the United States actually falls behind and becomes dependent on other countries for leading-edge technologies, the coming decades are likely to see a continuation and perhaps an acceleration of the process of technological diffusion. Since 1945 the number of producers and exporters of high technology products in the world has increased. With the passage of time more people in more places have become able to make and sell to others things that they could once have imported only from the most advanced countries, in particular the United States. Some of these items are of either direct or indirect military significance. As it has in the past, the process of technological diffusion will increase the absolute military power of the less developed countries and it may also narrow the gap between their capabilities and those of the most developed nations, including the United States.[81]

Strategically significant technologies have tended to spread from the center to the periphery along two distinct but related paths. In the initial post-war period most less developed countries had little choice but to obtain the weapons and equipment they needed from a relatively small group of industrialized suppliers who either sold their products for cash or gave them away in the hopes of gaining political influence. Gradually (and usually with assistance from one or several of the more advanced supplier states) an increasing number of less developed countries have also acquired some capability to manufacture their own reasonably sophisti-

[80] "Japan Police Raid Seller of Gas to Soviets," *New York Times*, 8 December 1988.

[81] The process of technological diffusion is put in broader historical and theoretical perspective in Robert Gilpin, *War and Change in World Politics* (Cambridge, Eng.: Cambridge University Press, 1981), 175–185. See also the discussion in Barry Buzan, *An Introduction to Strategic Studies: Military Technology and International Relations* (London: Macmillan, 1987), 36–56.

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cated military hardware. Whereas in 1950 only five Third World countries (Argentina, Brazil, Colombia, India, and China) could build anything more than small arms (mostly light aircraft and coastal patrol boats), by 1980 that number had increased to twenty-six and the range of products had grown to include much heavier weapons.[82] Between 1965 and 1984 there was a substantial expansion in the number of states capable of manufacturing fighter aircraft (from one to eight), helicopters (from one to six), tanks (from one to six), and tactical missiles (from 0 to seven). By 1984 two states (Brazil and India) could build all four major weapons systems.[83]

Today a handful of Third World states are even capable of assembling medium-range ballistic missiles or modifying shorter-range rockets that they have purchased from others so as to increase their capabilities. Egypt, Israel, Argentina, Brazil, Iran, Iraq, and Libya are all working, in some cases jointly, on missiles with ranges from 300 to 1000 km.[84] In 1988 China sold between twenty and fifty 3,000-km-range missiles to Saudi Arabia,[85] and in 1989 India tested a medium-range ballistic missile of its own design.[86]

Whether through manufacture or purchase, a recent government report suggests that over the next twenty years, "Numerous medium and smaller size powers will have ready access to weapon systems that embody 1970s and 1980s technology, including such weapons as highly accurate surface-to-surface missiles and precision-guided munitions. Brazil, Israel, South Korea, China, and India will be able to produce ample supplies of such weapons for other buyers."[87] To make matters even worse, there is also reason to believe that a growing number of states will soon be able to build or buy highly destructive warheads (in particular, chemical devices, but perhaps also nuclear weapons) and to mount them on their newly acquired long-range delivery systems.[88]

[82] Stephanie G. Neuman, "International Stratification and Third World Military Industries," *International Organization* 38 (Winter 1984): 172–3. See also Andrew L. Ross, "Arms Acquisition and National Security: The Irony of Military Strength" in Edward E. Azar and Chung-in Moons eds., *National Security in the Third World: The Management of Internal and External Threats* (Aldershot, Eng.: Edward Elgar, 1988), 152–187. On the role of Third World suppliers in international arms markets see Thomas Ohlson and Elisabeth Skons, "The Trade in Major Conventional Weapons," *SIPRI Yearbook 1987: World Armaments and Disarmament* (Oxford, Eng.: Oxford University Press, 1987), 181–215.

[83] Future Security Environment Working Group, *The Future Security Environment* (Washington, D.C.: Commission on Integrated Long-Term Strategy, October 1988), 49.

[84] For the best available account of all these activities see W. Seth Carus, *Missiles in the Middle East: A New Threat to Stability* (Washington, D.C.: The Washington Institute for Near-East Policy, June 1988). Also Andrew Gowers, Tony Walker, and Anthony McDermott, "A Deadly Race Out of Control," *Financial Times*, 8 June 1988.

[85] Carus, *Missiles*, 12.

[86] Sanjoy Hazarika, "India Is Reportedly Ready to Test Missile With Range of 1,500 Miles," *New York Times*, 3 April 1989.

[87] Future Security Environment Working Group, *Sources of Change in the Future Security Environment*, 16.

[88] See W. Seth Carus, *Chemical Weapons in the Middle East* (Washington, D.C.: The Washington Institute for Near-East Policy, December 1988).

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It should be noted that the process of technological diffusion is not limited to the spread of actual weapons. Over time more and more states are likely to have access to other forms of advanced technology that will allow them to increase their military capabilities. High quality satellite reconnaissance imagery, once the exclusive and tightly held preserve of the superpowers, is now available on a commercial basis from a variety of sources.[89] Satellites can also be used to beam extremely accurate navigational information down to small, portable, inexpensive ground receivers. With the help of fiber optic cables and commercially available encryption devices, Third World countries can greatly increase the security of their sensitive military, internal political, and diplomatic communications.[90]

Taken together, these developments seem likely to change the character of warfare in at least some parts of the Third World. Future conflicts may be longer and more difficult for the superpowers to control, because the belligerents will be able to keep themselves stocked with arms and equipment that they either build at home or buy from any one of a number of independent suppliers.[91] Wars fought with weapons of long reach and great destructive power could also be more costly in both human and financial terms than has typically been the case in the past. The use of missile-borne chemicals against population centers might produce huge civilian casualties. Fortunately, however, the expense involved in acquiring and employing such weapons on a large scale may be prohibitive for all but a handful of states. In this sense the recent war between Iran and Iraq, two countries with access to oil revenues, may prove to be more the exception than the rule.[92]

Even if this is the case, the proliferation of sophisticated weaponry is likely to result in increased threats to the safety of American friends and allies. Those countries could then feel the need for even stronger security guarantees from the United States, or for assistance in obtaining matching or offsetting capabilities of their own, or most likely for both. Saudi Arabia bought intermediate-range ballistic missiles from China in large part because it feared missile attacks from radical regional powers and also because it knew that the United States would not provide it with a matching retaliatory capability. Israel, which is already within range of the rockets of several of its Arab neighbors, now has a strong interest in acquiring both missiles and missile defenses. Pakistan, South Korea, and even the countries on the southernmost Mediterranean rim of NATO could soon find themselves feeling similarly threatened.

[89] The best known of these is the French SPOT Image Corporation, which sells high resolution photographs to interested buyers. For a fascinating review of developments in this area see Ann M. Florini, "The Opening Skies: Third-Party Satellites and U.S. Security," *International Security* 13 (Fall 1988): 91–123.

[90] Future Security Environment Working Group, *The Future Security Environment*, 50.

[91] See Future Security Environment Working Group, *Sources of Change in the Future Security Environment*, 16. For a contrasting view see Stephanie G. Neuman, "Arms, Aid and the Superpowers," *Foreign Affairs* 66 (Summer 1988): 1044–1066.

[92] I am endebted to Henry Bienen for this point.

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The diffusion of various kinds of technology will probably make it even more difficult for the United States or the Soviet Union to project military power into parts of the Third World. Access by less developed countries to satellite information on the one hand and secure communications facilities on the other could even out some of the intelligence advantages to which the superpowers have long been accustomed. As has already beem demonstrated in the South Atlantic and the Persian Gulf, cruise missiles can be used with great effect against inadequately armed or prepared surface vessels. Surface-to-surface ballistic missiles (possibly fitted with chemical warheads) could complicate large-scale landings or the use of ports and airfields that might be within their range.[93]

Finally, although it is not likely to happen anytime soon, there is some chance that U.S. territory could one day become vulnerable to direct attack from small, hostile powers using long-range weapons. The Soviets are likely to feel this danger first, especially if China proves willing to sell medium-range ballistic missiles to anyone in the Middle East or Southwest Asia who wants to buy them. Fear of such a prospect could provide the Soviet Union with a powerful incentive to cooperate in efforts to curb the spread of ballistic missile technology.

Multipolarity

Consideration of the various trends reviewed here has led many observers to ask if the fundamental structure of the international system is being transformed, with the familiar bipolar world of the post-war era giving way to a new multipolar system. If, as some theorists of international relations have argued, a state cannot be considered a pole unless it is strong along all the dimensions of national power,[94] then the answer to this larger question will depend in part on the resolution of a somewhat smaller one: Are the next twenty years likely to see the emergence of another major military power, a state with armed forces that approach in size, technical sophistication, and overall capabilities those of today's two global superpowers?

Any predictions of this sort must necessarily be based on a triple uncertainty. There is first of all the problem of projecting economic growth and estimating the sheer quantity of resources that will be available to different countries ten or twenty years into the future. On top of this it is necessary to guess what the political posture of the relevant states will be and in particular whether their governments will have the desire to convert the necessary fraction of their economic resources into military power. Finally, even countries that have the economic base and the political will may lack the administrative competence to build and maintain large, sophisticated, and efficient armed forces.[95]

[93] I am endebted to James Roche for this point.

[94] The classic expression of this view can be found in Kenneth Waltz, *Theory of International Politics* (Reading, Mass.: Addison-Wesley, 1979), 129–131.

[95] The best discussion of these issues can still be found in Klaus Knorr, *Military Power and Potential* (Lexington, Mass.: D.C. Heath, 1970).

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TABLE 3

Military Capital Stocks (Weapons and Structures)

	1950	1960	1970	1980	1990	2000	2010
US	520	680	750	760	1160	1480	1800
SU	580	590	720	960	1280	1560	1870
PRC	110	100	130	210	240	390	780
FRG	–	24	68	100	140	200	260
UK	78	110	130	140	170	230	280
Fr	52	74	91	110	150	220	290
Japan	–	6	15	31	55	82	120
India	8	9	15	21	42	81	130
SKorea	1	1	2	15	37	75	130

Source: Report of the Future Security Environment Working Group, *The Future Security Environment* (Washington, D.C.: Commission on Integrated Long-term Strategy, October 1988), 25. All figures are in billions of 1986 dollars converted from local currencies using 1980 purchasing power parities.

Most recent discussions of this issue identify three possible contenders for future great (if not super) power status – Japan, China, and a more unified European Community.[96] Of the three, Japan and Europe will almost certainly have the resources and organizational skills needed to become major, independent military competitors. But each, for its own reasons, may choose not to move very far or very fast in that direction. China, on the other hand, may well have the desire to improve its military standing relative to the superpowers, but as in the past it could face a variety of internal obstacles to its efforts to do so.

One way of trying to picture what the strategic situation will look like in the coming decades is to attempt to calculate the relative size of the stocks of military capital (essentially the accumulation of weapons and defense infrastructure) that the various actors could have available to them depending on the policies they pursue. Such estimates (which stack guesses about levels and patterns of military spending on top of assumptions about economic performance) are imprecise and need to be treated with considerable caution. They can, however, be useful in sketching the dimensions of possible alternative futures.

Table 3 shows one set of estimates of military capital stocks to the year 2010.[97] What these figures suggest is, first, that if they continue along roughly their present growth and defense spending paths the United States and the Soviet Union will remain the dominant military powers well into the twenty-first century. Even if it grows rapidly and launches a major military modernization program (increasing

[96] See Kennedy, *Rise and Fall of the Great Powers*, 438–535. See also Huntington, "Decline or Renewal," 90–3.

[97] For the assumptions underlying these projections see Future Security Environment Working Group, *The Future Security Environment*, 18–25 and 72–96.

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defense spending to 6 percent of GNP after 1990), China will not soon be able to break into the ranks of the superpowers. The Chinese could, however, narrow the gap between themselves and their northern neighbor, increasing the size of their stock of military capital from 20 percent of that of the Soviet Union to roughly 40 percent by 2010.

Over the course of the next twenty years the distribution of military power in the world may become even more elaborately differentiated than it has been in the past. From 1950 through the 1960s there were essentially two tiers, with the superpowers on top and the Europeans and Chinese below. The Chinese began to pull away from Europe in the 1970s, and they seem likely to continue to do so as this century comes to a close. Simply as a result of their substantial economic growth and without any marked increase in their defense efforts, by the year 2010 Japan, India, and South Korea could together comprise a fourth tier to the world military system.

Whatever their other merits and flaws may be, the estimates displayed in Table 3 probably do not adequately capture the ways in which the behavior of the various states will be interlocked with one another. Whether, for example, Japan would be content to spend only 1 percent of GNP on defense, while China's military capabilities grew substantially, cannot simply be assumed. If the Japanese stepped up defense outlays to a mere 3 percent of GNP, then by the year 2000 they would be spending around 70 percent of the *combined* annual total of the three major West European powers; by 2010 they would have military capital stocks significantly larger and more modern than those of West Germany.[98] To a degree that appears unprecedented in recent history, the pattern of military power is now considerably out of alignment with the worldwide distribution of economic resources. This fact creates the potential for dramatic and fairly sudden shifts, if not in the structure of the international system, then at least in the distribution of military power within it.

DILEMMAS

Since 1945 the capacity to produce has become more evenly spread across the globe. This is a process that American leaders have rightly welcomed and sought actively to encourage. As others have grown wealthier and more productive the United States has tended to trade more with them and over time to rely more heavily on them for products that they can manufacture at comparatively low cost. The spread of economic potential has also created the possibility for a much wider diffusion of military power. Both of these processes are in some sense natural, and in any case they have never been within the capacity of any one country to control.

Over the next ten to twenty years the larger issue of how the United States as a nation will respond to these broad trends translates itself into the more practical questions of how the U.S. government will cope with the twin tendencies toward

[98] Ibid., 24.

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dependence and diffusion. In the first instance the problems are primarily *internal*, having to do with the proper role of the American state in shaping the evolution of the domestic economy. In the second the challenges are largely *external* and will test the power of the United States to influence the behavior of other states in the international system.

Dependence

Preservation. The increased American reliance on foreign-made products raises the question of whether and how the government ought to try to preserve certain existing industries that could be important for defense mobilization.

Traditionally, preservation has meant protection, the imposition of tariff barriers to sustain a supposedly critical domestic industry in the face of foreign competition. Tariffs may work, at least in the short run, but because they raise costs to consumers, reduce the incentives for domestic producers to remain competitive, and carry with them the risk of foreign retaliation, they are likely to be an extremely expensive form of insurance against what are at best a very improbable set of contingencies.

Economist William Branson has suggested two separate tests that must be passed before any argument for protection on national security grounds can be accepted. First, an interruption of supplies must be plausible. In other words, it must be conceivable "that the United States could be cut off from supply, implying that there are few enough sellers, concentrated in a hostile or potentially inaccessible area."[99] Even a high degree of dependence on imports might not amount to a strategic vulnerability if, for example, the potential sources of supply were widely dispersed around the world or if one of the major suppliers was a close and under almost any imaginable circumstances friendly country like Canada.[100] If a loss of access to foreign supplies appears plausible, then according to Branson, "the question remains whether to protect the domestic industry or to stockpile."[101]

The worldwide dispersal of production means that the likelihood of the United States being totally cut off from foreign supplies of steel, for example, is probably quite low; and the case for protecting the steel industry on purely security grounds is correspondingly weak. In some cases where the concentrations of supply and the possibility of disruption may be higher (as with certain kinds of semiconductor devices), relatively low-cost and low-volume stockpiles could keep weapons production lines running in an emergency. Where it appears desirable to preserve a domestic manufacturing base for critical items like machine tools, steps short of protection

[99] William Branson, "Industrial Policy and U.S. International Trade" in Michael Wachter and Susan Wachter, eds., *Towards a New U.S. Industrial Policy*? (Philadephia: University of Pennsylvania Press, 1983), 397.

[100] For more on the distinction between dependence and vulnerability see Libicki, Nunn, and Taylor, *U.S. Industrial Base Dependency/Vulnerability: Phase II*, 3–8.

[101] Branson, "Industrial Policy," 397.

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(such as granting a degree of preference in federal contracting to American manufacturers) may be possible. Such measures would have costs to society as a whole, but it is unlikely that they would begin to approach those of imposing tariff barriers against foreign imports.

Promotion. The possibility of growing U.S. dependence on certain forms of high technology raises the question of what if anything the government can and should do to promote domestic development of new, strategically-important industries. Here, as in existing and often aging sectors, there is a danger that the appeal to national security will become the last refuge of scoundrels, or at least of business executives hungry for government subsidies. But here too there are a range of possible policies, some of which would require less intrusion by the state into the economy than others.

At one extreme, the federal goverment could become more actively and aggressively involved in targeting for direct support those civilian industries believed to have potential military significance.[102] Alternatively, the government could do things (like helping to establish research consortia or modifying tax and antitrust laws) designed to promote more industrial research and development. At the far end of the spectrum, the federal authorities could simply increase support to universities for education and basic science.[103] Given the stakes involved, some greater government role in promoting high technology is inevitable, even if the precise dimensions of that role have yet to be determined.

Diffusion

Weapons. The question of how the United States ought to respond to the increasing diffusion of military power can also be divided into two parts. On the one hand is the more immediate problem of coping with the spread of sophisticated weapons and other strategically significant technologies. Although it would be the obvious solution, creating international control regimes could turn out to be quite difficult in areas where the profits to be made are substantial, the number of potential suppliers is growing, and many of the products involved have both civilian and military applications. Getting all the relevant governments to agree that it is not in their interest to see a particular technology spread may not be easy. Even when such official agreements can be reached, it will not always be possible for the governments of nations with market economies to fully control the activities of the firms that operate within their borders. Keeping track of the worldwide flow of key products, a necessary prerequisite for maintaining whatever control regimes can be created, will also require conducting what are essentially

[102] For a skeptical discussion of targeting see Paul R. Krugman, "Targeted Industrial Policies: Theory and Evidence" in The Federal Reserve Bank of Kansas City, *Industrial Change and Public Policy* (Kansas City: Federal Reserve Bank, 1984), 123–155.

[103] For an historical analysis of the utility of many of these techniques see Richard Nelson, ed., *Government and Technical Progress: A Cross-Industry Analysis* (New York: Pergamon Press, 1983).

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industrial espionage operations against the companies of friendly foreign countries. This is hardly a task for which the American intelligence community is likely to be well prepared.

Military potential. Over the long run, the global distribution of military power will be determined by the decisions that other governments make about the extent to which they should expand their own national capabilities. What the United States does will obviously play some part in shaping those decisions. If the United States were to withdraw suddenly from its existing security commitments, there would undoubtedly be changes in the defense policies of its allies in Europe and the Far East. Whether the United States can exert any finer degree of control over the behavior of other countries is much less obvious, and it is possible that attempts to do so could produce unintended consequences. For example, U.S. pressure on Japan to participate more actively in the design and development of military hardware could hasten the arrival on the scene of a major new exporter of weapons and dual-use technologies.[104] In molding the future strategic environment, as in shaping the evolution of its domestic economy, the American state will have influence. But it will not have the power to control.*

[104] This process seems already to be well underway. See Kent E. Calder, "The Rise of Japan's Military-Industrial Base," *Asia Pacific Community* (Summer 1982): 26–41.

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What War in Europe? The Implications of Legitimate Stability

LAWRENCE S. FINKELSTEIN

Fear that war might occur between East and West in Europe persists even after Mikhail Gorbachev's dramatic announcement that the USSR would cut its armed forces by 500,000 men and reduce and restructure Soviet forces stationed in East Germany, Czechoslovakia, and Hungary. That fear has long been exaggerated. Such a war has been and remains a most unlikely eventuality for reasons only secondarily related to Gorbachev's effect on Soviet military doctrines and deployments.

East-West relations in Europe are and have been for some time uncommonly stable. That stability represents a prudence that has existed even without reference to the promising new leadership of the Soviet Union under Gorbachev and the reforms that have been launched there, welcome though they are.[1] In the context of that prudence, no issues in Europe have threatened East-West war for decades and none seem likely to.

Of course, the status quo is not necessarily engraved in stone for all time. Further tumult and change in the East European political order seem likely. All the same, the use of force by either side against the other has been ruled out by internationally agreed prohibitions and by restraints that have been well established

[1] For a recent suggestion that a "reconciliation" between the superpowers "is at least as plausible in the near future as is continued cold war," see Eric A. Nordlinger, "Prospects and Policies for Soviet-American Reconciliation," *Political Science Quarterly* 103 (Summer 1988): 216; see also Richard Ullman, "Ending the Cold War," *Foreign Policy* 72 (Fall 1988): 130–151.

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in practice. These restraints evidently represent the vital self-interest of all the states involved in an environment that is militarily dominated by nuclear weapons.[2] They have been effective throughout the years since World War II, and there is little reason to doubt they will continue to be.

These facts should be central in thinking about NATO strategy and policy. Considering the potential for schism in NATO that has been attenuated but not eliminated by the successful NATO summit in May 1989, nothing matters more to successful management of complex relations within the alliance and between NATO and the Warsaw Pact than getting the issues framed correctly.[3] In the face of recent and continuing demonstrations of Moscow's remarkable diplomatic flexibility and facility in public relations in the West, NATO's ability to find effective responses will depend on the choice of doctrine to guide its policies and to inform its publics. The issue is not whether NATO will seriously engage the Warsaw Pact in negotiations about the control of arms. That is as inescapable as it is desirable. What is uncertain is the outlook toward the future on which NATO bases its negotiating aims and strategies.

Will NATO's policy in this and other respects accept the central fact that war in Europe between the East and West is most improbable? Or will it emphasize an unyielding military threat from the East, an approach that implies that war is a serious probability. The latter approach is hard to sell in the face of Moscow's skillful diplomacy under Gorbachev and the predilections of large segments of opinion in Western Europe. This article will argue that not only does that emphasis lack current plausibility for the audiences that must be convinced, but that it is historically wrong as well.

That East-West stability exists and can be expected to persist should have an influence on judgments about force needs as well as arms control strategies. It should be seen as the foundation for future relations between the United States and the USSR concerning Europe and between NATO and the Warsaw Pact. But it is not. It goes virtually unnoticed in the current debates over NATO's needs for conventional and short range nuclear forces in the wake of the INF (Intermediate-range Nuclear Forces) Treaty and the Gorbachev bombshell. That is not altogether surprising, given the conflicting reality of massive Soviet military forces in Eastern Europe and the recent history of continuing major investments in them. There is room for legitimate uncertainties as to whether reassuring shifts in Soviet strategic doctrine are being implemented in practice.[4] That remains true even though Gorbachev's 1988 UN speech foreshadowed changes in force dispositions in Eastern Europe that seem consistent with the new strategic slogans.

[2] For an argument that memory of the pre-nuclear destructiveness of World War II was enough to ensure such restraint, see John Mueller, "The Essential Irrelevance of Nuclear Warfare: Stability in the Postwar World," *International Security* 13 (Fall 1988): 55–79.

[3] See Michael Howard's recent framing of the conceptual issues in "The Gorbachev Challenge and the Defence of the West," *Survival* 30 (November/December 1988): 483–498.

[4] For a recent overview that places the military issues in a broader context, see William E. Odom, "Soviet Military Doctrine," *Foreign Affairs* 67 (Winter 1988/89): 114–134.

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Even so, it is hard to understand why more emphasis is not given the enduring stability that is the predominant characteristic of East-West relations in Europe. Perhaps the explanation lies in a view that it is necessary to rely on an intense sense of threat to avert the feared collapse of commitment to deterrence and to NATO.[5] To face the fact that the East-West condition in Europe does not threaten war might thus seem to undermine the will to maintain deterrence and preserve transatlantic security cooperation.

This article will urge the contrary. To recognize the dominance of stability does not imply haste or imprudence in demobilizing deterrence or in weakening NATO. On the contrary, denying reality by unduly emphasizing the Soviet military threat is more likely to give rise to dissension in NATO and hasten its disintegration. To acknowledge stability in Europe will help reduce unnecessary tensions in NATO, limit Soviet political leverage in the West, effectively spotlight Soviet military excess, place negotiations to reduce Soviet forces on a sounder footing, and sustain the credibility of the United States in the alliance.

For whatever reason, however, the stable political setting figures virtually not at all in discussions of what to do after INF. Some acknowledge that East-West war in Europe does not seem an imminent threat, but go on to emphasize the uncertain risks over the longer term. Many nod toward the apparently benign impact of new leadership or of economic necessity in the USSR and no longer argue that ideology or the character of the Soviet state ensures that it will be militarily imperialistic.[6] The strongest case they make for concern is that the future is uncertain, turmoil in Eastern Europe might trigger unanticipated and uncontrollable military confrontations, or that an East-West military encounter outside of Europe could have European extensions.

Few ask what issues of European conflict between East and West might give rise to war. It was Marshal Ferdinand Foch whose custom it was to ask first: "*De quoit s'agit-il?*" ("What's it all about?").[7] Insofar as that sound advice focuses on East-West political issues in Europe, it is almost universally ignored.[8] As a rule, not even lip service is paid to this aspect of the Clausewitzian insight that war

[5] Richard Ullman has pointed out that "for a political leader trying to instill the political will necessary for a society to respond effectively to a threat to its security, a military threat is especially convenient. The "public good" is much more readily defined; sacrifice can not only be asked but expected; particular interests are more easily co-opted or, failing that, overridden. . . ." See his "Redefining Security," *International Security* 8 (Summer 1983): 135, cited by Joseph S. Nye, Jr., "International Security Studies" in Joseph Kruzel, ed., *American Defense Annual 1988–1989* (Lexington, Mass.: Lexington Books, 1988), 237. Michael Howard makes much the same point: "The existence of 'the threat' holds the Alliance together." He adds, perhaps cynically, "without it, there would be many people out of a job." Howard, "Gorbachev Challenge," 488.

[6] But see Odom's argument that it does, in "Soviet Military Doctrine."

[7] Quoted by the late Bernard Brodie, *War and Politics* (New York: Macmillan, 1973), 1.

[8] An outstanding exception is Jonathan Dean, *Watershed in Europe: Dismantling The East-West Military Confrontation* (Lexington, Mass.: Lexington Books, 1987). See also A. W. DePorte, *Europe between the Super-Powers: The Enduring Balance* (New Haven: Yale University Press, 1979).

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is a means of politics. The result is that the debate about the significance of INF and Gorbachev's program of force reductions is a virtually monotonic threnody about the balance of military forces bearing on Europe. Critical Cassandras sound the tocsin. For them, INF's removal of the only European landbased nuclear missile threat against Soviet territory magnifies the risk of Warsaw Pact invasion of West Germany unless action is taken to eliminate what they perceive as a threatening superiority of offensively oriented Warsaw Pact conventional armies. "Today, as in years past, these Warsaw Pact forces, heavily deployed in the forward areas, are poised like a dagger pointing at Western Europe's heart."[9]

After the Gorbachev speech to the UN General Assembly, NATO's foreign ministers issued a statement on arms control which emphasized: "The major threat to stability in Europe comes from those weapons systems which are capable of mounting large-scale offensive operations and of seizing and holding territory." NATO Secretary General Manfred Wörner underscored the point when he said that the military cutbacks announced by Gorbachev "reduce but clearly do not eliminate Soviet superiority and do not establish a stable balance between East and West."[10] Even dedicated arms controllers find it necessary to focus on palliating the military threat.[11]

Most INF defenders argue that although the Warsaw Pact forces are superior no harm has been done by the INF Treaty; the alliance remains solid and the elimination of the intermediate range missiles poses no new reason for concern about the political leverage Moscow derives from its military threat. A less influential, although not for that reason necessarily incorrect, countertheme is the argument of some, now as before, that the military threat is exaggerated. In this view, either the Warsaw Pact is not superior to the NATO forces in the center of Europe or at least the force ratios do not encourage the East to believe that aggression would produce easy rewards at tolerable costs.

For all, the theme is the military sources and risks of war. Sometimes the emphasis is on the political consequences that are feared to inhere in the presumed military superiority of the Warsaw Pact. Since the postulated political benefit for Moscow rests on the presumption that one or more NATO members will be intimidated by the pact's threat of war, the hypothesis of war is central. If the threat of war is not plausible, however, neither is its political consequence. What is not asked is why the pact should threaten war, for what ends, over what issues. The argument rests on military, not political causes.

Usually the risks are presented in moderate language. Most who argue that the

[9] Richard L. Kugler, "Theater Forces: The Future of the U.S. Military Presence in Europe" in Kruzel, *American Defense Annual*, 93.

[10] "NATO Statement on Arms Control," *New York Times*, 9 December 1988. Another example of many that could be cited is John R. Galvin, "Getting Better—Improving Capabilities for Deterrence and Defence," *NATO Review*, April 1989, 11.

[11] Ralph Earle II and Elliot L. Richardson, "Building on Gorbachev's Cuts in Europe," *New York Times*, 8 December 1988.

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need for force modernization and improvement is great—or that western inferiority must be redeemed through negotiated assymetrical arms reductions—do not cry that the bear is about to attack. Besides, the Cassandras have to face the role of time, both the years that will be consumed before the INF withdrawals have been completed and the time it will inevitably take to decide on the urgently advocated force improvements and to carry them out.[12]

Thus, the argument that Western Europe and NATO are at risk is usually presented as prudent worst-case planning for contingencies identified as improbable. The undercurrent remains alarmist, however. The underlying theme is that the Warsaw Pact can be expected to capitalize on its presumed military advantage by making or threatening war. To argue that western security is threatened by presumed imbalances in military strength is to argue that war is threatened. No verbal skin patches can conceal that underlying boil. Often, the operative assumptions appear to be that nothing has changed in the East-West confrontation, that hostility lies near the surface, that Warsaw Pact aggression is highly probable in some time frame, and that the only thing that prevents it is nuclear deterrence reinsured by conventional sufficiency. For those who see nuclear deterrence as having depended on the presumably now vanished strategic "superiority" of the United States, greater emphasis is placed on the role of conventional deterrents. The case for such prudence rests basically on a simple hard-core version of the doctrine of deterrence. When dealing with the USSR, only adequate deterrence prevents war or surrender. The future should not be seen in this respect as different from the past.

Although deterrence has been centrally present, and will and should continue to be, that analysis is not entirely persuasive. While insisting that deterrence is central, it evades the central contemporary significance of deterrence—that is, when war could unleash nuclear holocaust on non-nuclear as well as nuclear powers, no one will trigger war frivolously. Trite though it may seem to say so, the contemporary environment of "high politics" differs from previous balance-of-power eras in this central way. Nuclear deterrence is not the same as previous forms of power balancing. It is wrong to assume that the game of international power politics follows the same rules that prevailed in other times. "Realists" argue that great powers will risk war because the competitive nature of international politics requires them to do so. That is a misleading reading of contemporary East-West politics. Despite overwhelming evidence that prudence dominates in Soviet behavior rather than a determination to achieve goals at the expense of the West in the face of risk,[13] this view postulates a Soviet Union prepared to risk nuclear

[12] On the timing, Karl Kaiser urges a measured NATO response for these reasons, although elsewhere in the same article he says: "For NATO the Warsaw Pact's conventional superiority resulting in a capacity for surprise attack and invasion is the most important problem." See Karl Kaiser, "Objectives, Concepts and Policies for Conventional Arms Reduction," *The Atlantic Community Quarterly* 26 (Spring 1988): 15-16.

[13] Khrushchev's Cuban gamble that led to the crisis of 1962 is the single noteworthy exception and is probably best explained as an idiosyncracy of leadership. A recently updated look at the crisis is

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war because of some ideological imperative or some military balance presumed to be favorable to Soviet military fortune.

The approach also ignores what may well be the most cogent central question: what could lead the powers to risk armageddon? What are the threatened stakes or essential gains that have such importance that the NATO and Warsaw Pact governments would risk annihilation rather than lose them? Failing to focus on the political issues that comprise the context of military confrontation in and about Europe is to omit an all-important variable. What a European war would be about is a question that must be asked.

The answer, this article argues, is that there is no issue in the East-West relationship over Europe that would inspire either side to run a high risk of war with the other. That is because such a war would occur in a nuclear environment. No political objectives to be gained or protected outweigh the uncertainty as to whether a European war could be limited to non-nuclear means or to nuclear ones that would not be catastrophic for the two superpowers. The USSR will not start such a war, unless a dramatic shift there is no reason to anticipate takes place in the priorities that guide Soviet decision making. The tendency, dramatized by Gorbachev, goes in the opposite direction; it reinforces the reasons to anticipate prudence rather than recklessness in Soviet behavior. The West need not expect to fight a war over European issues. That the dialogue about the threat from the Warsaw Pact does not center on any political issues that underlie it suggests strongly that those who emphasize the threat are unable to bear the burden of proving their case. The military threat hangs in a political vacuum.

What is the place of deterrence and of NATO in an East-West relationship if, as has been argued, deliberate war is not threatened? Militarily, insurance is necessary against an unforeseeable "accident." Important East-West issues have not been resolved. Deterrent sufficiency thus remains essential to ensure that some future leadership in Moscow cannot conclude that nuclear risk is outweighed by whatever may be at stake in some unforeseeable political crisis. Presumed asymmetries in European force balances should be seen as less ominous in a context that takes account of the vacuum of political threat. Correcting perceived imbalances may seem less urgent in this perspective, particularly if doing so unnecessarily threatens schism in the alliance over issues of nuclear risk and burden sharing.

There is little reason to doubt that the alliance remains important to both its European and American components. It should remain the transatlantic instrument for dealing with the Warsaw Pact in the years ahead to capitalize on the stability that exists so that it may be cemented diplomatically and institutionally. Protecting political solidarity in NATO thus is of primary importance. Major force improvement actions should be contingent on Soviet failure to act on reasonable NATO proposals for arms reductions in Europe. The proposals should aim at en-

consistent with that view. See Raymond L. Garthoff, "Cuban Missile Crisis: The Soviet Story," *Foreign Policy* 72 (Fall 1988): 61–80.

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abling both sides to get out of the fix they have gotten themselves into over the years by deploying massive, accident-prone, costly, and *unusable* military forces to ensure against a war that is so unlikely to occur. The objective should be to work toward mutually non-threatening forces deployed in and dedicated to Europe at far lower levels than now exist.

How European Stability Developed

Scholars are aware that it is not possible to be certain that the Soviet Union ever intended to take over all of Europe, even in the early postwar years under Joseph Stalin. We have no sure way of resolving the argument about whether Soviet truculence, apparent hostility, and militarized threat represented expansive or defensive purpose. Strong arguments are made on both sides of that issue. Approaching the truth depends on impartial open access for scholars to Kremlin records of the time. Even under *glasnost*, greater certainty about what Soviet leaders really had in mind will at best be a long time in coming. Candor requires that we not delete the question mark from our interpretation of Europe's past since World War II.

What is not questionable, however, is that throughout the forty-five years since World War II ended in Europe, there have been no European hostilities between eastern and western military forces. Through all the tensions and war scares, East-West war has been avoided. Even more to the point, the Soviet Union has not extended its political/military control beyond the terrain it occupied as a result of the war, in accordance with the agreements setting the occupation zones. It is true that the Czech coup of February 1948 tightened Soviet control in that country, but Czechoslovakia had already been within the Soviet zone of dominance.

The stark truth is that the demarcation between East and West in the center of Europe is today effectively where it was left by the end of World War II. Western independence remains intact. To the North, Finland remains determinedly independent. To the East, the Stalin-Tito split of 1948 deprived the USSR of the dominance it had sought over Yugoslavia; Soviet military advisers were withdrawn and have not returned. And Soviet forces were withdrawn from Austria, along with those of the western powers, as a result of the State Treaty of 1955. This stability in the East-West political/territorial map has endured more than twice as long as did the peace between World Wars I and II.

The stability was not the product of serenity. If the relations between East and West in Europe have reached a relatively unruffled harbor, it is not because they have smoothly followed a course flowing calmly between the regular banks of East-West agreement. The course has been roiled, tempestuous at times. For long periods tension was high, and the crises over Berlin in 1948–1949 and 1958–1962 were accompanied by hovering clouds of war. Significantly, the last Berlin crisis was coupled with the most dangerous encounter of them all, the Cuban missile crisis of 1962. Yet, the lesson of the turbulence, far from challenging the significance of the relative calm that now prevails, reinforces it. Time and time again, the status

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quo was preserved, not necessarily because it was desired, but because its shelter was preferred over braving threatened storms and nuclear rain.

The climax of this process was the crisis over the division of Berlin and the erection of the Berlin wall in the summer of 1961. That crisis placed in sharp relief the fact that neither side was prepared to risk war for any European goal other than preserving the status quo. When the crisis was allowed to peter out, the West, including the Federal Republic of Germany (FRG), accepted that it would not pursue aspirations for movement toward democracy (rollback) in Eastern Europe in any way that risked war. If the Federal Republic did not acknowledge that reunification of Germany was a mirage, it at least pigeonholed the aspiration as no more than a distant hope.[14] By building the wall, the East confirmed the limits of its aspirations. It abandoned the campaign to undermine the West's position in West Berlin and the cognate attempt to coerce the Federal Republic of Germany to abandon its western commitment. For both sides the irreversible reality, however unpalatable, was the division of Europe. The status quo was set.

Significantly, the standoff thus accepted was not threatened thereafter; on the contrary, it was reinforced, even when the preponderance in strategic force the United States had enjoyed during the Berlin/Cuba crisis gave way to the strategic parity that replaced it. (This is not the place to argue the case that parity has existed in effect since the USSR first attained an ability to inflict major nuclear destruction on the continental United States, that is, since some time in the 1950s, rather than in the late 1960s or 1970s as is generally believed. In other words, Henry Kissinger was right when he asked "What in the name of God is nuclear superiority?")

Two important consequences flowed from the recognition confirmed by the Berlin crisis that neither side could run the risk of seeking to force change in the European situation. The first consequence is that there has been no major East-West European crisis since Berlin. Since then, there has been no war-threatening confrontation in or over Europe. Indeed, as one scholar has recently pointed out, the 1973 Middle East crisis was the only major Soviet-American crisis approaching these proportions anywhere in the world since 1965, compared with seven in the preceding twenty years. Instances of the United States considering resort to nuclear weapons have declined in parallel.[15] "Since the Berlin and Cuban crises of the early 1960s," says British defense scholar Lawrence Freedman, "the superpowers have done their best to avoid direct confrontation."[16]

The second consequence has been that this equilibrium between East and West has been legitimized, not just acquiesced in as irreversible. The implication is that the East-West settlement acknowledged as a result of the Berlin crisis, including

[14] To this effect, see dePorte, *Europe between the Super-Powers*, 175–176, 182; and Norman Gelb, *The Berlin Wall: Kennedy, Khrushchev, and a Showdown in the Heart of Europe* (New York: Times Books, 1986), 236–237, 277.

[15] Nordlinger, "Prospects and Policies," 201.

[16] Lawrence Freedman, "The Reagan Legacy" in Kruzel, *American Defense Annual*, 24.

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the division of Germany, represented the best interest of the major European powers, the United States, and the USSR.

New German policies emerged as the political balances changed in the Federal Republic. Beginning in the late 1960s, the FRG embarked on a process of ameliorating tensions and opening up relations with the East. While the *Ostpolitik* of Willy Brandt's Social Democratic government beginning in 1969 did not evoke unanimous applause in Washington, it did inspire a remarkable episode of intricate diplomacy. The culmination was the legitimization of the East-West standoff. Western rights of access to Berlin were confirmed in the Quadripartite Agreement of 1971 and have not been seriously challenged in the intervening years. The FRG's relations with the USSR and other East European countries were normalized in agreements reached in the early 1970s. The climactic event was the mutual recognition of the two German states and their entry into the UN, which took place in 1973. Renunciation of force was central to this epochal series of agreements and was reinforced in the declaration on non-use of force in border disputes reached as part of the Helsinki Accords of 1975. Legitimate stability exists between East and West in Europe.

Two salient features of this progress toward legitimate stability—the epoch of stabilization—deserve emphasis. The first is that it has been impervious to shifts in perceptions of military balances and in political contexts. Probably, the Soviet Union and the Democratic Republic of Germany (DDR) substituted the wall for Nikita Khrushchev's threats against the western position in West Berlin and in West Germany in part because the Soviet leadership recognized it faced a strategic nuclear threat from the United States greater than the threat it posed to the United States. This was the time when the missile gap myth of the 1960 American election campaign was being publicly debunked.[17] Nevertheless, the stabilization developed and persisted through the subsequent kaleidoscope of beliefs and doctrines on both sides about both strategic and conventional force ratios of the two alliances. Moreover, it has not seemed to matter much whether Washington and Moscow were believed to be enjoying détente or not, or whether the cold war was deepening or easing. The stabilization process has also been basically insensitive to domestic political changes; it has not been reversed despite the considerable changes in political leadership and direction that have occurred since the Berlin crisis in both the Soviet Union and the United States and in allied countries on both sides.

Second, the stabilization after Berlin built upon what had already been the well entrenched practice of restraint when it came to direct intervention across the East-West boundaries in Europe—even, on the part of the West, in the cause of freedom. Persistently, the West has exercised extreme caution about interfering when there has been political unrest in the East. The consistency of the behavior is striking, beginning with the outbreak in East Berlin in 1953 and most notably when the

[17] See, for example, Jerome Kahan, *Security in the Nuclear Age: Developing U.S. Strategic Arms Policy* (Washington, D.C.: Brookings Institution, 1975), 78–79, 84–90.

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United States did nothing during the Hungarian and Polish crises of 1956, despite the rollback rhetoric of the Eisenhower administration. The pattern prevailed when Leonid Brezhnev invented his doctrine to justify Soviet invasion to suppress the Prague Spring of 1968 in Czechoslovakia. Lyndon Johnson felt he had to forego the negotiations that Richard Nixon and Henry Kissinger later took over and that ultimately led to SALT I; but that was hardly to run a high risk of war. When Soviet intervention in Poland seemed a probability in 1980 before Wojciech Jaruzelski succeeded in reining in the Solidarity movement, the United States showed not the slightest desire to act in a way that might risk war against the Soviet Union in support of the cause of freedom in Eastern Europe, even though it went further than its allies were willing to go in imposing economic sanctions against the USSR.

Comparable temptations did not arise to challenge Soviet prudence, but there is not the slightest reason to believe that Moscow's response would have been less controlled. The inescapable conclusion is that neither the political-military contentions about Germany nor western preferences about the political regimes of Eastern Europe have inspired departures from the guideline of prudence. If action was linked to a significant risk of East-West war, it just was not on.

The Implications of Legitimate Stability

What implications should be drawn from the fact of legitimate stability? It would be wrong to conclude that war is impossible and thus credible deterrence and NATO do not matter. True, there is little European reason to expect East and West to decide they must go to war with each other. It is often argued that a revolt against communist rule in Eastern Europe, most notably in the DDR, might provoke western intervention to support liberation. The history summarized above does little to support this speculation. Is there really any reason to anticipate that western governments would be less prudent in future circumstances than they have been in the past in avoiding such temptation? All that is required to avoid future war arising from such circumstances is that the West show no less prudence in the future than it has consistently demonstrated since World War II.

Yet, important differences persist between East and West. Both sides remain heavily armed. War could occur by some kind of mismanagement or "accident," even though no war-laden issues exist or can be foreseen in Europe. That there is nothing the parties want to fight about does not guarantee there will be no fight. In this perspective, what is called for is insurance against the unlikely. The approach differs from what has been called hard core deterrence, because it is very far from insisting that only deterrence prevents war. It assumes that war over Europe is very unlikely in any foreseeable circumstances, because neither NATO nor the Warsaw Pact has an interest that propels it to make war. Yet, as in the domestic image of the homeowner who runs a small risk of fire, some investment in insurance seems prudent.

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The risk of European war has been reduced to sustainable low levels because of mutual prudence. That prudence on the part of the Warsaw Pact has existed in the presence of and has probably been induced by deterrence—especially the link to the strategic power of the United States through NATO. In the West, prudence has suppressed venturous inclinations, both because of the palpable risks of adventure and the restraining dynamics of mutual dependence within the alliance. With no greater exercise of prudence than we have come to depend on, there should be no European war. Yet, a degree of confrontation persists and the protagonists remain heavily armed. It would seem unwise, therefore, to vitiate the insurance NATO provides, including the sufficient deterrence resting finally on the American strategic commitment, before the East-West relationship has been satisfactorily resolved.

What would be a satisfactory outcome? One obvious component would be a reliable reduction of mutual military confrontation without abandoning the insurance of deterrence. Acknowledging the stability and suppressing fear of deliberate war shoud enable both sides to lower expectations about the military burdens deterrence has to bear. Doing that could reduce the present risks of instability resulting from the nature and deployments of the weapons themselves, particularly the fears of offensive threats. Recent Soviet doctrine and Gorbachev's program for reducing and restructuring Soviet forces are promising in this respect. Prudential inclinations may thus be reinforced by more prudent military dispositions.

The second component, no less important, would be a lasting, political resolution of the German question. Either of two satisfactory final resolutions is in principle conceivable. One would be that the continued existence of two Germanies comes to be confirmed as desirable and permanent, not just acceptable. The other is the peaceful political merger of the two Germanies into one sovereign state. Probably neither can result unless there is an extended period during which the DDR progressively relaxes its totalitarian regime. Parallel developments will be necessary in other Eastern European countries as well. Certainly, neither satisfactory outcome can emerge unless there is an extended period of genuine peace and cooperation in Europe. In such a process, the Berlin wall would come down. A satisfactory final resolution of the German question might well be accompanied by the ending of deterrence between the NATO and the Warsaw Pact members and the dismantling of the alliances themselves. Obviously, that is not imminent.

NATO thus seems important for the foreseeable future, although there is ground to be uneasy. NATO is not threatened by the military superiority usually attributed to the Warsaw Pact. For one thing, there are significant grounds for questioning that superiority.[18] Soviet leaders deny the Warsaw Pact has it. (One reason

[18] For a recent examination of the vagaries of estimating the military balances, see Leonard Sullivan, Jr., *Security and Stability in Conventional Forces: Differing Perceptions of the Balance* (Washington, D.C.: Atlantic Council of the United States, May 1988). Also see Malcolm Chalmers and Lutz Unterseher," Is There A Tank Gap? Comparing NATO and Warsaw Pact Tank Fleets," *Inter-*

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not to concede that the Warsaw Pact has military superiority is that to do so donates to Moscow whatever political leverage in western capitals and in western political thought accompanies the belief. It seems foolish to make that concession when it is not certainly correct. The Russians gain an advantage they have not earned and deny that they deserve.)

How could NATO be threatened, whatever the military balance, if there are no war issues and there is no more than a marginal chance of war? It is simply implausible to base an estimate of threat on an implied fear that the Soviet Union will soon initiate war.[19] That leaves the existence of the forces themselves the major, if not the sole, source of plausible threat. Unfortunately, the Europe-relevant forces of the USSR at home and deployed in the field have been widely believed, correctly in my judgment, greater than needed for defense and stability. They remain deployed in ways that generate nervousness on the western side. Causes of war do not exist. Yet the forces are there. As a result, massive forces confront each other with no present or foreseeable reasons to fight each other. Because of wide devotion to the idea that it is capacity that counts, even when motive is lacking, the forces themselves comprise the chief remaining reason to fear war in Europe because of the uncertainty they generate as to the motivation for having them. Why maintain useless military capability? There must, it is argued, be a deep underlying, unyielding ideological and presumably hostile reason. It is necessary, it is argued, to take their threat seriously. No doubt such concerns will persist, even taking account of Gorbachev's reassuring rhetoric disclaiming that war is useful and his promises to reduce the Soviet forces.

In the absence of war-threatening issues, fear of a threat from the East rests entirely on speculation about the implications of the Warsaw Pact forces themselves. It follows that modestly well considered policies among NATO members should avoid Moscow's being able to convert a minimal threat of war into effective political coercion. In short, if NATO's political cohesion is uncertain, it ought not to be because of coercion from the East. If coercion by the Warsaw Pact is feared, it is because NATO members are giving Moscow leverage it should not have.

The real threat is not coercion. It is seduction. The cohesiveness of NATO is most at risk not because the Russian bear growls but because it wants to be accepted as a cooing dove. Prime Minister Margaret Thatcher is reported to have said that "the Russian bear was easier to deal with when it looked more like a bear than it does now. . . . an image of reasonableness . . . is having a 'telling ef-

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national Security 13 (Summer 1988): 50–89; John Mearsheimer, "Assessing the Conventional Balance: "The 3:1 Rule and its Critics," and Joshua Epstein, "The 3:1 Rule, the Adaptive Dynamic Model, and the Future of Security Studies," *International Security* 13 (Spring 1989): 54–127; "Correspondence: Reassessing Net Assessment" and "The Tank Gap Data Flap," *International Security* 13 (Spring 1989): 128–194.

[19] See Lawrence Freedman, "Managing Alliances," *Foreign Policy* (Summer 1988): 65—". . . makes talk of a 'prewar situation' appear sillier than ever."

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fect on opinion in the West'."[20] NATO members inevitably have different views of the bear wearing dove's feathers. Their different locations, historical experiences, and domestic political and economic circumstances require them to differ as to what security demands. The problems of the INF follow-on are especially vexatious.

Both sources – the coercion that should not be credited and the seduction that some find hard to resist – converge on one conclusion. Current emphasis on trying to reduce conventional forces through negotiation is eminently sensible. It is far less sensible to base the negotiation on the argument that NATO is dangerously weak relative to the superior forces of the Warsaw Pact. This argument is not likely to maintain negotiating cohesion in NATO or, if the United States is its advocate, to preserve the American position in the alliance.

Preparing to negotiate on this basis inexorably leads to bargaining chip tactics, which just as inexorably evoke intense and bitter frictions within NATO over nuclear risk and burden sharing. While crisis has been endemic in the alliance and always manageable in the past, both the European and American environments have changed in ways that make it risky to assume the past will assuredly repeat itself.[21]

The better strategy would seek to emphasize the stability in Europe, isolate the excess of forces as the primary remaining potential threat to peace, argue that most of the forces are useless, and thus encourage the Soviet Union to make good on recent leadership promises of asymmetrical reductions in conventional forces. The argument should be that Europe-relevant forces should and can be reduced because they exceed what is needed, *precisely because war in Europe has become so unlikely that we understand neither side is likely to initiate war against the other.*

Following this approach, NATO would avoid pressing too soon and too hard for force improvements that would provoke dissension in the alliance[22] and might not be productive in the bargaining with the Warsaw Pact. Given German sensitivities about its "singularization" as the bearer of risk,[23] it seems unlikely that modernization of the Lance short-range missile will proceed very speedily in any event.[24] Conventional force investments are sure to evoke intense new argument

[20] Ibid., 78.

[21] For one recent exposition of just how complicated alliance policy making has become, see Catherine M. Kelleher, "Alliance Issues" in National Academy of Sciences, Committee on International Security and Arms Control, *Reykjavik and Beyond: Deep Reductions in Strategic Nuclear Arms and the Future Direction of Arms Control* (Washington, D.C.: National Academy Press, 1988), 34–48.

[22] To this effect, see the recent statement by prominent U.S. defense experts, under the chairmanship of former Secretary of Defense Harold Brown, "The Future of NATO," *Policy Consensus Reports*, Johns Hopkins Foreign Policy Institute, School of Advanced International Studies, August 1988.

[23] Karl Kaiser argues correctly that "singularization" is a myth. See Kaiser, "Objectives, Concepts," 13. Yet the myth is emotionally appealing and likely to evoke political troubles.

[24] See Jesse James, "Tactical Nuclear Modernization: The NATO Decision that Won't Go Away," *Arms Control Today* 18 (December 1988): 19–24; and Bernard E. Trainor, "NATO's Tactical Missiles: Updating Set Back," *New York Times*, 15 December 1988. Since the prediction about Lance was made in an early draft of the article, it has been confirmed by the NATO decision in May 1989 to defer the issue.

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over burden sharing. It is hard to see why the hazards of such division in the alliance need to be run—unless the Soviet Union confirms that the need is real by failing to reduce forces as Gorbachev has promised and failing to cooperate effectively in other ways to arrive at mutually acceptable conventional force levels. The challenge is to orchestrate confidential and public diplomacy to make force reduction in the West politically and psychologically dependent on Soviet cooperation and to make force improvements dependent on Soviet recalcitrance. In other words, the bargaining chip exists and can be kept in the pocket, but should not be anted up too soon.

The proposed approach should optimize NATO benefits in the East and within the alliance and should produce general benefit as well. In the East, it aims to reinforce the incentives the Soviet leadership already has to reduce defense expenditures and to strengthen the case for going through with the promises already made about asymmetrical reductions. It should produce a better climate for proceeding with the arms control negotiations. It ought to stimulate pressures on Moscow by East Europeans eager to relax East-West tensions, particularly since they are the ones that suffer the most from the weight of Soviet force deployments outside the USSR. It should deprive the Soviet Union of whatever diplomatic leverage the alternative approach gives it over Western Europe.

Within NATO, it should help refurbish American leadership by projecting good sense rather than incredible and contentious rationales. It should deprive anti-U.S. and antinuclear political factions of rallying issues. It aims to enhance cohesion in NATO rather than insisting on prematurely introducing divisive issues. It should strengthen NATO's bargaining power in the arms negotiations more surely than would premature closure on force improvements, which would come only at the cost of evident disunity in NATO and which might generate Warsaw Pact countermeasures and delay or derail the negotiations.

Overall, the approach seeks force reductions that would preserve an effective relative deterrent balance, cut everyone's costs for European defense, and free scarce U.S. resources for other national security needs or for other national purposes. The approach has the additional virtue of candor. The East-West relationship in Europe is stable, and the stability is legitimate. Why go on resting policy on the tortured logic of the war threat and the hard core version of deterrence that goes with it?

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Presidential Strategy and the Veto Power: A Reappraisal

DAVID McKAY

For what at first look like very good reasons, the presidential veto has received little scholarly attention in recent years.[1] Any examination of the list of vetoes cast reveals little beyond the seemingly obvious. (See Table 1.) Apart from Franklin D. Roosevelt's prolific use of the instrument, the reasons for frequent use by other presidents apparently can be quickly explained. Grover Cleveland was one of the few post-Civil War presidents intent on challenging congressional dominance. Harry Truman faced a hostile Republican Congress for two years and had to operate in a generally difficult political environment for the duration of his presidency. After 1954, Dwight Eisenhower had to work with an increasingly Democratic Congress. The effective Democratic hegemony of the 1960s was replaced by the combative early-mid 1970s, when Republican presidents and Democratic Congresses were frequently at loggerheads. The use of the veto increased correspondingly. With the return of a Democratic president in 1977, the instrument

[1] One of the first attempts to analyze the veto was by Clarence A. Berdahl, "The President's Veto of Private Bills," *Political Science Quarterly* 52 (December 1937): 505–531. See also William Keefe and Morris Ogul, *The American Legislative Process: Congress and the States*, 2nd ed. (Englewood Cliffs, N.J.: Prentice Hall, 1968), 148–149; Jong R. Lee, "Presidential Vetoes from Washington to Nixon," *Journal of Politics* 37 (May 1975): 552–546; Richard M. Pious, *The American Presidency* (New York: Basic Books, 1979), 203–208. Indicative of the low visibility of the veto power is the absence of any reference to it in Norman J. Ornstein, et al., *Vital Statistics on Congress* (Washington D.C.: American Enterprise Institute, 1984).

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TABLE 1

Presidential Vetoes from Washington to Reagan

President	Regular Veto	Pocket Veto	Total Vetoes	Vetoes Overridden
Washington	2	0	2	0
Madison	5	2	7	0
Monroe	1	0	1	0
Jackson	5	7	12	0
Tyler	6	3	9	1
Polk	2	1	3	0
Pierce	9	0	9	5
Buchanan	4	3	7	0
Lincoln	2	4	6	0
Johnson, A.	21	8	29	15
Grant	45	49	94	4
Hayes	12	1	13	1
Arthur	4	8	12	1
Cleveland	304	109	413	2
Harrison	19	25	44	1
Cleveland	43	127	170	5
McKinley	6	36	42	0
Roosevelt, T.	42	40	82	1
Taft	30	9	39	1
Wilson	33	11	44	6
Harding	5	1	6	0
Coolidge	20	30	50	4
Hoover	21	16	37	3
Roosevelt, F.D.	371	261	632	9
Truman	180	70	250	12
Eisenhower	73	108	181	2
Kennedy	12	9	21	0
Johnson, L.	16	14	30	0
Nixon	24	19	43	5
Ford	44	17	61	11
Carter	13	16	29	2
Reagan (1981–86)	34	20	54	6

Sources: Pre-1961, Senate Library, *Presidential Vetoes* (Washington, D.C.: U.S. Government Printing Office, 1961). Post-1961, Congressional Quarterly, *Almanacs*, various years, *Weekly Report*, various issues, 1986.

is wielded less often, and the increased frequency characteristic of the Reagan years could possibly be explained by the continuing Democratic majority in the House.

Quite apart from the party composition of Congress, the literature is agreed that the use of the veto is usually a last resort and as much an indicator of presidential failure as success. So Thomas Cronin notes that "Today, it [the veto] hardly amounts to a viable ultimate weapon, a most formidable prerogative, or one of the most powerful weapons in the arsenal of presidents; it is hardly so efficacious that Congress can seldom succeed in enacting legislation to which the president

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really objects."[2] As an instrument of command rather than bargaining, frequent use of the veto is difficult to reconcile with the Neustadtian imperative to govern by persuasion.[3] Following the same reasoning, perhaps the ultimate indicator of a breakdown in presidential/congressional relations is an increased frequency of congressional overrides, which require the formidable combination of two-thirds majorities of quorums in both houses. By this measure, the hypothesis appears confirmed. Andrew Johnson, Harry Truman, and Gerald Ford (the most overridden presidents) all faced and/or provoked unusually hostile congressional opposition, as to a lesser extent (even before Watergate) did Richard Nixon. All four are famous for the embattled, confrontational environments in which they had to govern.[4]

The literature also asserts that in "normal" environments, the most strategic use of the veto power is to threaten its application when appropriate, and actually exercise it only in the knowledge that Congress will vote to sustain it. Hence after 1959 Richard Neustadt praises the "new" Eisenhower thus:

> He made his opposition manifest by threatening the veto and by using it. He made his purpose plain by his demeanor at press conferences. . . . From the start of 1959 up until the time of writing [in July] Eisenhower's words and actions were consistent and his vetoes were sustained.[5]

By implication, presidents with good congressional liaison, well-developed bargaining and political skills (the "new" Eisenhower, John F. Kennedy, Lyndon B. Johnson) will be able to use the veto in this way to good effect. Those without such skills or resources (the "old" Eisenhower, Nixon, and Jimmy Carter) will find the veto a less useful instrument. Commentators and some scholars were quick to exclude Ronald Reagan from this list. During his first year he vetoed just two bills and won something of a reputation as a successful negotiator and bargainer.[6] As we shall see, at least as far as the veto power is concerned, these judgements proved premature.

The problem with such generalizations is that while they do take account of exceptional events such as Watergate and of presidential personality and learning curves, they take little cognizance of those structural changes in Congress or the presidency that occur through history. This article's central argument is that since

[2] Thomas E. Cronin, *The State of the Presidency* (Boston: Little, Brown, 1975), 76–77. See also Raymond Tatalovich and Byron W. Daynes, *Presidential Power in the United States* (Monterey, Calif.: Brooks/Cole, 1984), 151.

[3] Richard E. Neustadt, *Presidential Power: The Politics of Leadership from FDR to Carter* (New York: Wiley, 1980), chap. 2.

[4] For a summary, see Pious, *American Presidency*, 203–208.

[5] Neustadt, *Presidential Power*, 61–62; see also his "Presidency and Legislation: The Growth of Central Clearance," *American Political Science Review* 48 (September 1954).

[6] See in particular the collection of essays edited by Anthony King, *Both Ends of the Avenue: The Presidency, the Executive Branch, and Congress in the 1980s* (Washington, D.C.: American Enterprise Institute, 1983), esp. the essays by Jones and Davis.

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the late 1960s both institutions have changed in ways that have altered the utility and functioning of the veto power. The remainder of the article will be divided into two parts. First, I provide the theoretical justification for what it is claimed are important changes in the optimal presidential strategy in dealing with Congress. Then I provide statistical evidence to support the view that the veto is an integral part of this strategy.

From Bargaining to By-Pass and Confrontation Strategies

Few dispute that the defining characteristic of American national politics since the 1970s is what has variously been called interest-group liberalism or log-rolling,[7] overload, or even the "Democratic Distemper."[8] Whatever the intellectual school involved, the central dynamic is the same: myriad constituents and interest groups have multiple access to an increasingly fragmented and individualist Congress and bureaucracy. Within Congress the power of old style congressional barons has declined in relation to that of individual members who can assert their power in subcommittees or on the floor.[9] While the claim that these changes have produced a level of public welfare far below the optimal is not easily demonstrable, they have had profound implications for the nature of presidential/congressional relations.[10] The paradigmatic view of the presidency is of an office built around the bargaining strategy. Whether it be the power to persuade, cooperate, logroll, negotiate, or compromise, presidential scholars agree that (very exceptional times apart) the chief executive's rational strategy must be to bargain with rather than confront Congress.[11] Structurally, such a strategy depends on two conditions: some element of monopoly agenda setting imposed on the House and Senate by congressional leaders and powerful committees; and some degree of interdependence and reciprocity between president and Congress engendered by party cues. As is well known, although elements of these conditions persist (indeed limited evidence

[7] See Theodore Lowi, *The End of Liberalism* (New York: Norton, 1979); Kenneth Shepsle, "Institutional Equilibrium and Equilibrium Institutions" in Herbert F. Weisberg, ed., *Political Science: The Science of Politics* (New York: Agatton, 1986), 51–81.

[8] Samuel P. Huntington, "The Democratic Distemper" in Nathan Glazer and Irving Kristol, eds., *The American Commonwealth, 1976* (New York: Basic Books, 1976).

[9] See Normal J. Ornstein, "The Open Congress Meets the President" in King, ed., *Both Ends of the Avenue*, 195–211. Stephen S. Smith, "New Patterns of Decision Making in Congress" in John Chubb and Paul E. Paterson, eds., *The New Direction in American Politics* (Washington, D.C.: Brookings Institution, 1985), 203–233; Thomas E. Mann and Norman J. Ornstein, eds., *The New Congress* (Washington, D.C.: American Enterprise Institute, 1981), esp. essays by Sinclair and Ornstein.

[10] For a general discussion see James M. Buchanan and Richard Wagner, *Democracy in Deficit* (New York: Academic Press, 1977); also see Eric Uslaner, "The Decline of Comity in Congress," paper before the 1987 annual meeting of the Midwest Political Science Association, Chicago, 9–11 April 1987.

[11] See Neustadt, *Presidential Power*; Aaron Wildavsky, *The Politics of the Budgetary Process* (Boston: Little, Brown, 1964), chap. 7; Charles O. Jones, "Presidential Negotiation with Congress" in King, ed., *Both Ends of the Avenue*, 96–130.

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of some recentralization of power in such committees as Ways and Means and Finance does exist) both have declined markedly over the last twenty years. An individualistic Congress characterized by overlapping committee and subcommittee jurisdictions, and little in the way of a hierarchy of parliamentary order and control, has atomized agenda setting to such an extent that it is sometimes difficult to identify obvious centers of power. No individual today can play the role of a Sam Rayburn or Lyndon Johnson—or even that of a Mike Mansfield or John McCormack. Related is the decline of reciprocity between president and members of Congress. At one time, members dependent on strong state and local party organizations could promise to deliver electoral support for presidents or presidential candidates in return for patronage appointments to the federal executive and judiciary. Today members are more likely to owe their electoral success to personal party organizations that may bear little relationship to equally ephemeral presidential electoral parties. Presidents have less electoral incentive to please members, therefore.[12] At the same time the decline of congressional leadership greatly complicates the business of legislative liaison. Presidents now need to deal with several hundred individuals rather than the fifteen to twenty necessary during the era of strong leaders. Even if they could deal with many members, the decline of class and region as voting cues in Congress and the rise of numerous crosscutting issues render the whole business of coalition building more difficult.[13]

In response, presidents increasingly use non-bargaining strategies or have been obliged to adapt "traditional" bargaining to suit the new rules of the game. Perhaps the best known of the non-bargaining strategies involve attempts to by-pass Congress altogether by utilizing the appointment power (to both executive and judiciary) and by adapting administrative or implementation discretion to achieve policy objectives.[14] But clear limits do exist to what can be achieved using by-pass strategies. Obviously presidents continue to need Congress, and every president devotes great energy to dealing with Capitol Hill. As suggested, however, the conditions for traditional bargaining strategies have to some extent broken down, obliging presidents to fall back on confrontation strategies, although usually only after a bargaining attempt has failed. Perhaps the most well known of these is what Sam Kernell labels "going public" or invoking public support for presidential initiatives.[15] Although this can be used as a bargaining ploy, Kernell notes that in recent years it has often conflicted with or been a substitute for bargaining. In the sense that the mass public are a resource exogenous to the internal institutional dynamics of Congress, "going public" essentially involves challenging rather

[12] See Theodore Lowi, *The Personal President* (Ithaca, N.Y.: Cornell University Press, 1986), chaps. 3 and 4.

[13] Uslaner, "Decline of Comity in Congress."

[14] See David McKay, *Domestic Policy and Ideology: Presidents and the American State, 1964–1987* (New York: Cambridge University Press, 1989), chaps. 4 and 7.

[15] Samuel Kernell, *Going Public: New Strategies of Presidential Leadership* (Washington, D.C.: Congressional Quarterly Press, 1986).

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than negotiating and bargaining with the legislative branch. Kernell likens Ronald Reagan's early budget strategies to campaigns. By definition, a campaign must involve a contest with an opponent, in this instance members of Congress.[16] While accepting this, the president's command resources are *a priori* much more obvious weapons in any confrontation with Congress, and of these the veto is the most powerful negative sanction available. Given the decline of leadership in Congress and the sort of organic links between the two branches long nurtured by party cues, we should expect some changes to have occurred over recent years both in the ways in which the veto is exercised and in congressional response to its use.

In particular, a more confrontational executive/legislative environment should have led to: more frequent use of the veto and threats to veto as bargaining attempts fail; more attempts by Congress to overrode vetoes as presidents increasingly fail to dissuade members from challenging the veto; more successful overrides, but only on those bills where the costs—ideological or economic—of allowing the veto to stand apply to a large number of varied constituencies and which are perceived as electorally damaging to a large majority of members (in other words, successful overrides are more likely to succeed today when external electoral forces, rather than internal institutional dynamics, encourage the formation of winning coalitions); and more frequent application to important bills.

The Evidence

The major problem when presenting evidence in this area is controlling for party and for "exceptional" periods such as the late 1940s and early-mid-1970s. Both have undoubtedly been crucial in explaining the use of the veto. However, a slightly more sophisticated statistical analysis reveals that while these factors are important, they by no means explain everything. Unfortunately, the data do not lend themselves to analysis by multiple regression. The one attempt to do so concluded, somewhat bizarrely, that Democratic presidents were more likely to wield the veto than Republican and that presidents with past congressional service were least likely to use the veto.[17] If anything, the data for recent presidents suggests the opposite. (See Table 2.) These conclusions derived from the mistaken assumption that looking at the experience of *all* presidents yields the best results. In fact, it is next to meaningless to compare the experience of Grover Cleveland with Ronald Reagan, given the dramatic changes in government and society over the last hundred years. If the analysis is confined to the modern presidency (since Franklin D. Roosevelt), we simply have too few cases for multiple regression, although much can be inferred from simple percentages.

Table 2 shows that the number of cases is further reduced by eliminating vetoes of private bills from the analysis. In order to avoid wasting time on essentially

[16] Ibid., 137–139.

[17] Lee, "Presidential Vetoes from Washington to Nixon," 545–46.

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TABLE 2

Presidential Vetoes of Public Bills, 1933–1986[a]

President	Total	Regular	Pocket	Vetoes per Year in Office	Override Attempts	Override Attempts as a % of Regular Vetoes	Successful Overrides	Successful Overides as a % of Attempts	Successful Overrides as a % of Regular Vetoes
Roosevelt	134	54	80	10.7	17	31.5	9	52.9	16.6
Truman	75	43	32	10.7	21	48.8	11	52.4	25.6
Eisenhower	74	30	44	9.2	11	36.6	2	18.2	6.6
Kennedy	9	4	5	3.0	0	0	0	0	0
Johnson	13	6	7	2.6	0	0	0	0	0
Nixon	40	24	16	7.3	22	91.6	5	22.8	20.8
Ford	61	44	17	24.4	28	63.6	11[b]	39.3	25.0
Carter	29	13	16	7.3	4	30.8	2	50.0	15.4
Reagan	49	29	20	8.2	10	34.5	6	66.0	20.7

[a] There are problems distinguishing between public and private bills before 1960, but the number involving ambiguity is very small.

[b] Excludes one veto where Ford maintained he had pocket-vetoed a measure (HR 14225), but the Congressional Research Service disagreed. To avoid a lengthy legal dispute Congress passed an identical bill and Ford signed it knowing that if he did not it would be overriden.

Sources: Pre-1960, Senate Library, *Presidential Vetoes* (Washington, D.C.: U.S. Government Printing Office, 1961); Post-1960, Congressional Quarterly, *Almanac* (various years), *Weekly Report* (for 1986).

trivial private bills, most of which are for the relief of individual constituents on such matters as pensions and immigrant visas, Congress has acted to limit the use of private bills over recent years.[18] As a result they now make up a very small proportion of presidential vetoes, having constituted the overwhelming majority as recently as the late 1940s and early 1950s. Table 2 also distinguishes between regular and pocket vetoes, although the ratio between the two follows no particular pattern over time. What does emerge from Table 2 is the existence of three fairly distinct periods: 1933–1952; 1953–1968; and 1969 to 1986. During the first period the veto was exercised and Congress overrode veto attempts quite frequently. The use of the veto declined slightly during the 1950s and more sharply during the 1960s. Successful overrides were a rarity throughout this period. Since 1969 the veto has been utilized more often, although with the notable exception of the Ford presidency there has been no return to the high levels characteristic of the Roosevelt and Truman years. More significantly, successful overrides rose sharply and remain high during the Reagan years.

If we attempt to fit party control of Congress and the role of exceptional events into this pattern, much—but by no means all—is explained. FDR's relatively fre-

[18] See Congressional Quarterly, *Guide to the U.S. Congress*, 1st ed. (Washington, D.C.: Congressional Quarterly, 1971), 346–349.

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quent use of the veto cannot be explained either by party or the times, except perhaps that he exercised the veto rather more frequently after 1938 when his majorities in both houses were reduced. Only two of his overridden vetoes involved important bills—the 1943 War Labor Disputes Act, which limited strikes in defense industries, and the 1944 Revenue Act. Many of his vetoes and overrides before 1938 involved bills designed to provide relief for veterans of foreign wars, a question that used to concentrate the minds of most members of Congress, whatever their party label. Of Harry Truman's eleven overrides, six—including the 1947 Taft Hartley Labor-Management Relations Act—occurred during the Republican controlled 80th Congress. Of his other vetoes, the two most important—the 1950 Internal Security Act and the 1952 Immigration, Naturalization, and Nationality Act—were overridden by the Democratic 81st and 82nd Congresses. As is well known, after so many years of Democratic rule, the Republicans were out for blood after 1946, when a two-thirds majority was not so difficult to achieve, given the support of Southern Democrats on what was increasingly ideological policy agenda.[19]

The party-control thesis appears to break down during the Eisenhower years. Only two of Ike's vetoes were overridden, in spite of Democratic dominance after 1954, and only one of these could be considered an important bill. Kennedy and Johnson used the veto very sparingly, and Congress did not even attempt to override any one of the twenty-two vetoes exercised. Democratic dominance of both houses was substantial. Party control as a major explanation appears to receive a further boost from the experience of the Nixon and Ford administrations. Both faced Democratic Congresses, but poor Gerald Ford had to confront the outraged post-Watergate 94th Congress, which could only muster a meager 144 Republicans in the House and 37 in the Senate. A number of major bills including the 1973 War Powers Act and (under Ford) several important appropriations measures in the social policy area became law over the presidents' vetoes.

If both party antagonisms and exceptional times explain the confrontations of the 93rd and 94th Congresses, the Carter presidency appears to herald a return to normality. President and Congress are of the same party and in spite of Carter's well documented ineptness in dealing with the national legislature,[20] there is nothing the equivalent of the intense ideological battles of the Truman years or Watergate to set Congress and president at each others throats. Even so, Table 2 suggests that 1977–1981 did not signal a return to the 1950s or 1960s. Two of Carter's vetoes were overridden (15.4 percent of all his regular vetoes) including the 1980 Oil Imports Fee, which was judged a major defeat for the President.

But it is the Reagan presidency that provides the greatest challenge to the party-control and exceptional-times hypotheses. Until 1986 the Republicans controlled

[19] See Robert J. Donovan, *Conflict and Crisis, The Presidency of Harry S. Truman, 1945–1948* (New York: Norton, 1977), parts II and III; Wilfred E. Binkley, *President and Congress* (New York: Vintage, 3rd. rev. ed., 1962), chap. 15.

[20] See King, *Both Ends of the Avenue*, essays by Jones and Malkin; Austin Ranney, ed., *The American Elections of 1980* (Washington, D.C.: American Enterprise Institute, 1981), essay by Ranney.

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the Senate, and so other things being equal, the president should have had no difficulty either in persuading the Senate not to attempt an override or to sustain a veto in the face of an override attempt. In fact, at 34.5 percent of regular vetoes, Reagan did not experience an especially high proportion of override attempts. But no less than two-thirds of these attempts were successful, the highest of any modern president. And a 20.7 percent, successful overrides as a percentage of regular vetoes, puts Reagan in the same league as Truman, Nixon, and Ford. Moreover, the honeymoon year of 1981 apart, Reagan's vetoes and overrides were spread evenly over the period; thirty-four of his forty-nine vetoes were applied during his first term as were four of the six successful override attempts. At least until the end of 1986, therefore, the lame-duck second term made no difference to the veto pattern. The presidents' failure to win enough support in the Senate (and to a lesser extent in the House) is surprising given that Republicans are today considered ideologically and politically more cohesive than Democrats;[21] most Southern Democrats continue to be as conservative as many Republicans. These figures also seem difficult to reconcile with the much vaunted increases in party unity scores among Republicans in the Senate during the early 1980s.[22] Party unity scores tell us little about executive/legislative relations, however. Presidential support scores may be a better indicator; as Table 3 shows, 1981 was the only year when the Reagan magic appeared to work. Since then, his support scores among Republicans in the Senate and the House have been roughly the same as those experienced by Nixon and Ford (disregarding the impeachment attempt year of 1974). These figures are striking when it is remembered how popular Reagan was during these years, how the Republican Party's confidence had recovered, and how Reagan (in contrast to Nixon and Ford) enjoyed both a majority in the Senate and an ideologically demoralized and organizationally weak Democratic Party.[23]

Table 2 shows that both Nixon and Ford faced very high percentages of override attempts on their regular vetoes. This is not at all surprising given the prevailing climate of distrust and hostility between President and Congress. But the proportion of successful overrides suffered by these Presidents was little different from Ronald Reagan's. Table 4 further reveals that, expressed in terms of pro-presidential votes as a percentage of total votes cast, Reagan faced Senate majorities against

[21] In the post 1980 Senate, the Republican Party unity scores have been considerably higher than Democrats, peaking at 85 in 1981 compared with 77 for the Democrats. Norman J. Ornstein, et al., *Vital Statistics on Congress, 1984–5*, Table 8–4, 183.

[22] Since 1981, scores have declined to a level in both the House and the Senate closer to the 1970s. See Ornstein et al., *Vital Statistics on Congress, 1984–1985*. For a general discussion on Republican cohesion in Congress and its relative decline after 1981, see Nicol C. Rae, "The Republican Party in Modern American Politics," paper to the American Politics Group of the Political Studies Association, University of London, January 1987.

[23] On the decline of coherence in the Democratic Party, see Thomas Ferguson and Joel Rogers, *Right Turn: The Decline of the Democrats and the Future of American Politics* (New York: Hill and Wang, 1986).

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TABLE 3

Presidential Support Scores in Congress (by party) 1969–1986[a]

		House		Senate	
President	*Year*	*D*	*R*	*D*	*R*
Nixon	1969	56	65	55	74
	1970	64	79	56	74
	1971	53	79	48	76
	1972	56	74	52	77
	1973	39	67	42	70
	1974	52	71	44	65
Ford	1974	48	59	45	67
	1975	40	67	53	76
	1976	36	70	47	73
Carter	1977	69	46	77	58
	1978	67	40	74	47
	1979	70	37	75	51
	1980	71	44	71	50
Reagan	1981	46	72	52	84
	1982	43	70	46	77
	1983	30	75	45	77
	1984	41	60	34	76
	1985	30	67	35	75
	1986	25	66	38	79

[a] Shows the annual percentages of presidential victories on congressional votes where the presidents took a clear cut position.

Source: Norman J. Ornstein, et al., *Vital Statistics on Congress, 1984–1985, Congressional Quarterly Weekly Report*, 11 January 1986, 70, and 25 October 1986, 2690.

his vetoes in these overrides comparable in size to those experienced by Nixon and Ford. Expressed in simple numerical terms, Reagan's override majorities were actually larger than Nixon and Ford's. Again, we should expect the opposite given Republican control, Reagan's reputation and popularity, and the relatively benign nature of the times compared with the early-mid-1970s. One possible retort might be that a split Congress produced a peculiar dynamic of its own, including a determination on the part of the Senate Republicans to maintain their majority irrespective of presidential pressures. But if this is so, it merely confirms how much weaker the party connective tissue between the two branches had become by the 1980s. Whatever way you look at it, the Republican Senate should, other things being equal, have been more supportive of the President's vetoes than the Democratic Senates of the 1970s.

Table 4 also raises the question of the nature of the congressional coalitions at work in successful override attempts. It was earlier suggested that a more fragmented, individualist Congress should inhibit the formation of the sort of con-

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TABLE 4

Size of Senate Majorities in Successful Overrides of Presidential Vetoes, Nixon, Ford, and Reagan Compared

President	*Total Overrides*	*Average Majority against President*	*Votes for President as a Percentage of Votes Cast*
Nixon	5	58.4	15.7
Ford	11	57.4	17.4
Reagan (1981–1986)	6	69.8	16.7

Source: Computed from *Congressional Quarterly Almanac* (various years), and *Weekly Report* (various issues, 1986).

current majorities necessary to override a veto. When vetoes are overridden, it should be the case either that, as with Nixon and Ford, party and ideological antagonism between the branches is high, or the electoral and political costs of defying the president should be low and/or the rewards high. This seems true of all eight successful overrides during the Carter and Reagan years. Carter was overridden on a public debt limit bill that would have killed the President's proposed surcharge on imported oil. Very few individuals or groups would directly have benefited from this measure, even if the public interest might have been served.[24] The other bill involved Veterans Administration health care – possibly the ultimate pork-barrel valence issue. Of Reagan's overrides, one involved South African sanctions on which public opinion was solidly behind Congress; two involved research on water resources and health, issues on which it is difficult to be seen to be opposed; one a minor land transfer in Oregon where it was widely agreed that the administration had acted with gross insensitivity;[25] and one a printing and publishing copyright bill which, according to a Department of Labor estimate, would have threatened up to 367,000 printing jobs throughout the country by allowing in cheaply produced books and magazines from Asia.[26] The remaining bill was a supplemental appropriations measure vetoed during the prolonged and difficult budget disputes of 1982. Several Republican senators opposed the veto, because the bill contained $211 million for elderly employment programs, again a pork-barrel valence issue.[27]

All this would be of little significance if the bills in question were themselves of trivial import, but this is not the case. On the contrary, the tendency has been toward the vetoing of more rather than less important bills. Considerable, but by no means insuperable, problems are raised by attempts to distinguish between major

[24] See Uslaner, "Decline of Comity in Congress," for a review of the problems associated with achieving a winning majority (let alone a two-thirds majority) on energy questions.

[25] *Congressional Quarterly Weekly Report*, 29 October 1983, 2240.

[26] Ibid., 17 July 1982, 1732.

[27] Ibid., 11 September 1987, 2238.

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TABLE 5

Major Bills Vetoed, 1933–1986

President	Total	Number Involving Appropriations	Number Involving Foreign and Foreign Economic Policy	Major Vetoes per Year in Office	Number Overridden
Roosevelt	2	0	0	.16	2
Truman	6	0	0	.8	5
Eisenhower	2	2	0	.25	1
Kennedy	0	0	0	0	0
Johnson	0	0	0	0	0
Nixon	13	10[a]	1[d]	2.4	4
Ford	11	10[b]	1	4.4	7
Carter	5	2[c]	2	1.3	1
Reagan	10	6	4	1.7	3[e]

[a] Excludes HR 7447 (1973) appropriations bill with a rider prohibiting use of funds for bombing of Cambodia.

[b] Excludes S 2262 (1976) involving $3.1 billion for arms sales and military aid. Veto was justified on foreign policy rather than fiscal gounds.

[c] Excludes HR 7584 (1980) involving $9 billion appropriations for State, Justice and Commerce. Veto was exercised because of attachment of an anti-busing rider.

[d] Exclues 1973 War Powers bill which is coded as of major constitutional import rather than as a challenge to specific aspect of foreign policy.

[e] Excludes S 1128 (1986 Clean Water bill) which as HR1 was easily overridden in February 1987 by the new Democratically controlled Congress 401-26 and 86-14.

Source: Pre-1945, *Congressional Board* and *New York Times*. Post-1945, Congressional Quarterly, *Congress and the Nation, Almanac, Weekly Report* (various years and weeks).

and minor bills. One measure may be whether a bill qualifies for *Congressional Quarterly's* key vote status. This excludes pocket vetoes and pre-1945 votes, however, as well as some bills when voting on the floor of the House and Senate was less crucial than the subsequent veto. Instead, Table 5 defines major bills according to the following criteria: bills accepted at the time to be of major constitutional/political importance, such as the War Powers and Taft Hartley bills; revenue and appropriations bills involving requests of more than $5 billion (in constant 1980 dollars); appropriation bills involving differences between Congress and administration versions in excess of $1 billion (in constant 1980 dollars); bills challenging established administration policy in foreign and foreign economic policy.

These criteria do not eliminate all subjectivity, but they do establish a fairly accurate distinction between major and minor bills. What is most interesting about the resulting pattern (see Table 5) is the sharp rise in major bills vetoed since 1969. Before then only Harry Truman wielded the veto with any degree of frequency, although on some very major bills. Table 5 effectively destroys the textbook image of a Franklin Roosevelt intent on bringing Congress to heel through the exercise of the veto power. Stephen Wayne, for example, claims that:

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> Roosevelt realised the potential of the veto both as a positive and negative instrument of presidential power. . . . By using the veto so frequently, he was able to employ it effectively to prevent riders, amendments and laws he considered unwise, impolitic or both.[28]

Yet of his 632 vetoes, only 134 were applied to public bills, the vast majority of which concerned very trivial issues. Only two were major. In historical perspective the true aberration is Truman rather than Nixon or Ford, for since 1969 *every* president has exercised the veto on major bills, whatever the party composition of Congress or the incumbent's leadership style. Moreover, the veto is now applied primarily to foreign policy and money bills, areas which in the past rarely resulted in veto confrontations. Of course fiscal matters do now dominate the policy agenda, but then so did economic policy in the 1930s, foreign affairs in the 1940s and 1950s, and social policy in the 1960s. Not once, however, did executive/legislative relations deteriorate to the point of a veto confrontation on these issues. That foreign policy is now a major source of conflict between the two branches is particularly significant. For although complete consensus on this issue has never existed, congressional leaders used to encourage deference to the executive branch among members. A combination of events—most notably Vietnam, the domesticization of many foreign policy issues, and changes in the distribution of power in Congress—have since led to a breakdown of some elements of foreign policy consensus. The evidence suggests that this change is structural in nature rather than merely a function of party politics and presidential style. So even with a Republican Senate, Ronald Reagan found it necessary to veto four foreign policy/foreign economic policy measures. On two of these the President was overridden.

During early 1987 and in the context of a much deteriorated executive/legislative environment, a Democratic Congress overrode two further Reagan vetoes of major bills, the $20 billion Clean Water Bill and the $88 billion Highway Bill.

None of this is to deny that some major bills are more important than others. A $5 billion appropriations for the Department of Agriculture is not of the same order as the 1973 War Powers Act. By this measure none of Carter's vetoes were truly major. In Reagan's case, however, the veto and subsequent override of South African sanctions did represent a fundamental challenge to the administration's foreign policy that has no precedent in American history. What Table 5 confirms is that executive/legislative relations are now more confrontational than they used to be. Lacking the sort of bargaining resources available to earlier incumbents, presidents are increasingly obliged to fall back on the constitutional sanction of the last resort.

Reagan further aggravated relations by reviving the constitutional controversy over the pocket veto. On two occasions he pocket vetoed bills between sessions of the same Congress (one of these concerned human rights in El Salvador). Congressional lawyers maintain that the pocket veto can only be used after a Congress has adjourned *sine die*, but the Supreme Court declared the subsequent case (*Burke*

[28] Stephen Wayne, *The Legislative Presidency* (New York: Harper & Row, 1978), 18.

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v. Burke) moot in January 1987. After an appeals court ruled against a similar use of the pocket veto by Nixon, neither Ford nor Carter used the device in this way. Reagan, however, elected to confront Congress on this issue, although he desisted from the practice after late 1984.[29]

Finally, what evidence exists on the threatened use of the veto? Unfortunately, systematic data simply do not exist on this question. Sometimes a president will declare his intention to wield the veto power in the hope that Congress will desist. Carter did just this over congressional attempts to introduce tuition tax credits, as did Reagan during his 1981 and 1982 budget campaigns.[30] But those occasions when Congress modifies bills in anticipation of a veto that hasn't been announced are often simply not identifiable.

Conclusions

This article has not addressed all aspects of the veto power. For example, no attention has been paid to the internal White House dynamics of how advice on legislation is channeled to presidents. The Office of Management and Budget plays a crucial role in this area, as can advice from individual staffers and executive departments.[31] Whatever the variations in the quality of this advice from administration to administration, however, it seems unlikely that it could be a major explanation of the variations in veto use discussed earlier. This is especially true of the application of the veto to important bills. For although all presidents act on advice, they must also be aware of the implications of a decision to veto a major appropriations bill or a bill imposing sanctions on South Africa. Such decisions are ultimately the president's. Similarly, while this article has not focused on the quality and style of presidential-congressional liaison, this factor alone probably explains little. Carter's liaison was reported to be poor; and Reagan's, at least during his first term, good. Yet Reagan exercised the veto more frequently than Carter.

Of course these factors, together with the more important questions of party control, the nature of the times, and presidential style, do explain some of the variations in veto use over time. But clear trends exist independently of these causes. Presidents do invoke the veto more often now and to more significant bills. Moreover, although Congress does not challenge these vetoes as frequently as during the Ford and Nixon years, when it does so, it is often successful. In the case of Reagan the override vote margin in such cases was as great as with Nixon and Ford. Party decline and the atomization of power in Congress must be related in some way to these trends. If presidents find it less easy to bargain with congressional leaders, who in turn can forge compromise coalitions within each house, they will be forced increasingly to fall back on their command resources or on

[29] For a discussion, see *Congressional Quarterly Weekly Report*, 25 October 1986, 2685–86.
[30] Tatalovitch and Daynes, *Presidential Power*, 150.
[31] For a discussion, see Wayne, *The Legislative Presidency*, 203–208.

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resources exogenous to the executive/legislative bargaining game. Some, not overwhelming evidence exists to suggest that what is perhaps the least ambiguous of the president's constitutional command resources, the veto power, is being used in just this way. Certainly enough evidence exists to lead us to reassess the textbook image of variations in the use of the veto as being entirely a function of party control, presidential style, and exceptional times.

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The Road Not Taken: FDR, the Supreme Court, and Constitutional Amendment

DAVID E. KYVIG

Why has the United States Constitution changed so little during the past two hundred years? While society, economy, and government itself changed a great deal, not so the formal statement of powers and prerogatives that legitimates the national government's form and functioning. Much of the ongoing liberal-conservative debate over government has been rooted in uncertainty over the constitutional limits of opportunity and obligation. However, even moments of partisan triumph have seldom led to efforts to reduce the ambiguity of the document. Why has the American political system shied away from one of 1787's significant innovations, Article V, the provision for amending the Constitution by specified and not impossibly difficult procedures?

Article V was born amid talk of the right of revolution against unsatisfactory government and consciousness of the value of providing a constitutional alternative to rebellion. "That useful alterations will be suggested by experience could not but be foreseen," explained James Madison in *The Federalist*, No. 43. "It was requisite, therefore, that a mode for introducing them should be provided. The mode preferred by the convention seems to be stamped with every mark of propriety. It guards equally against that extreme facility, which would render the Constitution too mutable; and that extreme difficulty, which might perpetuate its discovered faults."[1] With Article V, the Founding Fathers acknowledged that their crea-

[1] *The Federalist*, (New York: Modern Library, n.d.), 286.

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tion might be imperfect or at least not permanently perfect; but they believed, as Madison suggested, that they had made amendment, while not easy, at least quite possible. Yet there have been only twenty-six amendments to the Constitution, a mere sixteen since 1791.

The infrequency of amendment has often been explained on the basis that judicial review rendered most change by amendment unnecessary and comparatively difficult, thus unattractive. Yet judicial review has been a problematic device for obtaining constitutional change. It proved incendiary in *Dred Scott v. Sanford*, reactionary and provoking in *Pollack v. Farmers' Loan & Trust*, painfully slow to achieve results in *Brown v. Board of Education*, and startling and unconvincing to many in *Roe v. Wade*. Judicial review has been difficult for many Americans to accept, hard to implement, and subject to ongoing challenge and reversal. Judicially imposed constitutional change, whatever its other merits or flaws, is distinguished from amendment by its lack of a democratic imprimatur.

The disuse of amendment raises questions that ought to be addressed thoughtfully: Has the nation considered the 1787 Constitution as interpreted by the courts adequate to its needs? Or is the possibility of constitutional revision seen as so remote as to discourage attempts except in unavoidable circumstances? Did the Founding Fathers misjudge the efficacy of Article V? In the final analysis, does the American political culture think in terms of lasting structures, or does it merely pay lip service to the Constitution while dealing with the politics of the moment?

One useful way of dealing with these questions is to look at how American political leaders have treated amendment as a possible solution to besetting problems of governmental authority. In crises, underlying attitudes and assumptions have a way of revealing themselves. For the twentieth century there is perhaps no better opportunity for such a consideration than an examination of President Franklin D. Roosevelt's 1935–1937 confrontation with the Supreme Court. In the course of that dramatic clash, Roosevelt considered and rejected constitutional amendment as a means of resolving a fundamental dispute over the extent and limits of federal power. FDR's perception of the amending process as impossibly difficult and amendment itself as unnecessary outweighed any evidence or argument to the contrary.

The outlines of FDR's battle with the Supreme Court are fairly well known. From the moment that the justices began to rule on New Deal legislation, it was clear that the Court took a restrictive view of federal power that clashed with the approach adopted by Roosevelt and Congress. On 7 January 1935, in its first New Deal case, the Court by an 8–1 vote declared that the "hot oil" provisions of the National Industrial Recovery Act represented an unconstitutionally broad delegation of legislative power to the executive.[2] Although the following month the administration won a series of close 5–4 decisions involving its manipulation of the gold basis of the currency, in May the Court overturned several New Deal measures:

[2] *Panama Refining v. Ryan*, 293 U.S. 388 (1935).

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the Railroad Pension Act,[3] the Frazier-Lemke Act,[4] presidential removal of regulatory commission members,[5] and, most significantly, in the famous Schechter "sick chicken" case, the National Industrial Recovery Act (NRA).[6] The last three decisions seemed particularly portentous. In them a unanimous Court restricted legislative delegation of power to the executive and narrowly construed the commerce clause. Roosevelt angrily retorted that the Court was employing a "horse-and-buggy definition of interstate commerce."[7]

Six months later, the Court struck the New Deal another body blow when it ruled 6–3 that the Agricultural Adjustment Act's (AAA) use of the taxing power was unconstitutional.[8] A series of anti-New Deal decisions followed in the spring of 1936, most notably the striking down of the Guffey Coal Act[9] and a New York State minimum-wage law,[10] which raised doubts whether any federal wage, hours, or other labor condition regulation could survive a court test, not to mention whether the Social Security Act, the Tennessee Valley Authority, and other New Deal innovations would be allowed to stand.

Franklin Roosevelt fumed privately, but declined to take public action before the 1936 elections.[11] The Supreme Court's criticisms were being echoed by the New Deal's political opponents, conservative Democrats such as former presidential nominees Alfred E. Smith and John W. Davis, as well as Republicans. No doubt Roosevelt's discomfort was increased by the knowledge that his defeats often came by the narrowest of margins in a Court divided 5 to 4 and by the realization that he was fast becoming the first president ever to serve a full term without having named even one new justice to the high court.

FDR had to feel that the November 1936 election results secured his political position and vindicated his policies. In the most one-sided electoral triumph in the history of American presidential elections, Roosevelt not only amassed 61 percent of the vote and carried every state except Maine and Vermont, but he also drew into the Congress an unprecedented Democratic majority of 331 Democrats (to 89 Republicans and 13 others) in the House and 76 Democrats (to 16 Republicans and 4 others) in the Senate. This better than three-fourths majority in Congress meant that the Democrats, if they held together, could easily cut off debate, adopt any sort of legislation, and even approve constitutional amendments without having to pick up one vote from outside their party ranks. In fact, almost as soon

[3] *Retirement Board v. Alton Railroad Co.*, 295 U.S. 330 (1935).
[4] *Louisville Bank v. Radford*, 295 U.S. 555 (1935).
[5] *Humphrey's Executor v. U.S.*, 295 U.S. 602 (1935).
[6] *Schechter v. U.S.*, 295 U.S. 495 (1935).
[7] Franklin D. Roosevelt, *Public Papers and Addresses*, vol. 4 (New York: Random House, 1938), 221.
[8] *U.S. v. Butler*, 297 U.S. 1 (1935).
[9] *Carter v. Carter Coal Co.*, 298 U.S. 238 (1936).
[10] *ex rel Tipaldo*, 298 U.S. 587 (1936).
[11] See William Leuchtenburg, "The Origins of Franklin D. Roosevelt's 'Court-Packing' Plan," *Supreme Court Review* (1966): 360–79.

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as this new Congress assembled, Roosevelt sought its aid in dealing with the Supreme Court.

On 5 February 1937, Roosevelt sent Congress a plan to reorganize the federal judiciary that he and Attorney General Homer Cummings had developed in great secrecy. Although it contained several provisions for streamlining federal judicial procedure, the heart of the bill was its proposal to add an additional member to every federal bench whenever a sitting judge failed to retire within six months of his seventieth birthday. The plan allowed for as many as forty-four additional federal district judges, but its core – and quickly the focus of attention – was its creation of up to six additional Supreme Court justiceships. The bill was widely perceived as a sly attempt to evade the Constitution's provision of lifetime tenure for members of the Court, to diminish their influence by permitting the President to "pack the court" with sympathetic justices.

In the course of a battle, which raged fiercely until midsummer, the administration insisted that its proposal represented normal legislative action to bring the Court in step with the needs of modern society; opponents decried the plan as a duplicitous evasion of the Constitution and a dangerous usurpation of power by the President. Meanwhile the Court began announcing decisions that narrowly sustained the National Labor Relations and Social Security Acts, and at the end of the spring term conservative Justice Willis Van Devanter announced his retirement. The administration sought to salvage judicial reform with a revised, more modest Court bill, but that strategy collapsed as well when its chief Senate sponsor, Majority Leader Joseph Robinson, suffered a fatal heart attack.[12]

Roosevelt tried to put the best face on the outcome of the Court fight, asserting that even though battles had been lost, the war had been won. A fundamental shift had indeed taken place, with the Court abandoning efforts to restrict New Deal legislative initiatives. However, Roosevelt had experienced very heavy political losses, some of which were not immediately apparent. Opponents of the Court bills had discovered in the course of the battle that a coalition of Democratic and Republican conservatives could be assembled in Congress to block a major New Deal legislative initiative.[13] Thereafter the administration enjoyed very few of the legislative successes that had been so frequent before the Court fight. Roosevelt's huge 1936 electoral triumph was dissipated, its congressional majority never to produce the legislation that had seemed so easily within reach. In many respects, the New Deal had come to its end.

The drama of the Court battle itself has obscured Roosevelt's alternatives in dealing with the Supreme Court. Yet at the time, much of the criticism leveled at Roosevelt centered on his choice of tactics for resolving his differences with

[12] For this second phase see William Leuchtenburg, "FDR's Court-Packing Plan: A Second Life, A Second Death," *Duke Law Journal* (1985): 673–89.

[13] James T. Patterson, *Congressional Conservatism and the New Deal: The Growth of the Conservative Coalition in Congress, 1933–1939* (Lexington: University of Kentucky Press, 1967), 125–27.

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the Court. Time and time again, his plan to enlarge the Court was characterized as a devious political maneuver to circumvent constitutional obstacles that FDR was unwilling to confront head-on. Not only opponents of the President but also a number of his friends and supporters expressed the belief that a more forthright and defensible approach to the Court problem would have been to seek one or more amendments to the Constitution to give the New Deal's federal initiatives an unquestionable and lasting legitimacy.[14] A debate on amending the Constitution would directly address the issue of the proper role of the federal government, rather than treat it obliquely in a discussion of the antimodernistic tendencies of aged judges. A New Deal amendment, however phrased, would send the Court the clearest message possible regarding the need to adopt a new view of federal responsibility. Furthermore, the amending requirements of two-thirds congressional approval and ratification by three-fourths of the states should pose no obstacle to a political leader who had just achieved one of the greatest electoral victories of all time, built a partisan congressional majority in excess of 75 percent, and carried forty-six of forty-eight states.

Roosevelt did in fact seriously consider seeking a constitutional amendment before deciding on another course of action. In his 5 February message to Congress, FDR acknowledged, then specifically rejected, the possibility of amendment. He explained, "If these measures achieve their aim, we may be relieved of the necessity of considering any fundamental changes in the powers of the courts or the constitution of our Government—changes which involve consequences so far-reaching as to cause uncertainty as to the wisdom of such course."[15] As was often the case with Roosevelt pronouncements, this simple assertion obscured a more complex reality.

Franklin Roosevelt was no stranger to amendment politics. One of his first acts in the New York state senate was to introduce a resolution calling on New York's congressional delegation to support an amendment for the direct election of U.S. senators. As a state senator he also voted to ratify the income tax amendment and endorsed women's suffrage.[16] He served in Woodrow Wilson's cabinet as national prohibition and women's suffrage made their way through Congress and rapidly thereafter the states. His wife became actively involved in the campaign for a child labor amendment during the 1920s.[17] These experiences made him well aware that constitutional amendment, while certainly not easy and not always suc-

[14] W. T. Dickerson to FDR, 21 February 1937, PPF, Franklin D. Roosevelt Library (hereafter FDRL) Hyde Park, N.Y.; George W. Norris, "Government by Injunction," speech, 12 March 1937, George W. Norris Papers, Library of Congress (hereafter LC); Martin L. Sweeney, "The Supreme Court Issue," radio address, 12 March 1937, CBS, *Congressional Record*, 15 March 1937; Ernest C. Carman, *Shall the Constitution Be Amended—Yes* (n.p., 24 March 1937), OF, FDRL; Jerome Frank to Thomas Corcoran, 28 May 1937, Thomas G. Corcoran Papers, LC.

[15] Roosevelt, *Public Papers*, vol. 6 (New York: Macmillan, 1941); 59.

[16] Kenneth S. Davis, *FDR: The Beckoning of Destiny*, (New York: G.P. Putnam, 1971), 257, 265.

[17] Joseph P. Lash, *Eleanor and Franklin* (New York: W. W. Norton, 1971), 290–91.

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cessful, was politically viable even in the face of strenuous opposition. His most substantial experience with amendment politics vividly confirmed this.

National prohibition caused problems for FDR from the time he tried to win support from both wets and drys by supporting local option in his first campaign for a New York state senate seat. Once the Eighteenth Amendment was adopted, he continued to try to straddle the issue and more than once advised Al Smith to do the same. However, Smith and his closest associates, particularly Democratic national chairman John J. Raskob, were determined to bring an end to prohibition. In his quest for the 1932 Democratic presidential nomination, Roosevelt regarded this emphasis on prohibition as potentially damaging to his chances and those of his party. More than any other issue, he felt, prohibition threatened to drive a wedge between conservative rural southern and western Democrats and northern urban party members. Viewing repeal as highly unlikely, FDR considered prohibition merely a distraction. Raskob disagreed. A leading supporter of the Association Against the Prohibition Amendment (AAPA), he worked tirelessly to commit the party to prohibition repeal. The Roosevelt forces managed to stymie Raskob during the maneuvering that preceded the 1932 Democratic convention, but finally surrendered on the issue at the Chicago convention when they discovered that prohibition repeal was the principal unifying point for their rivals. Continuing to oppose repeal might conceivably cost the New York governor the hotly-contested presidential nomination. The overwhelming (934 and 3/4 to 213 and 3/4) convention vote to amend the platform to include an outright prohibition repeal plank could only have reinforced FDR's impression that on constitutional issues Raskob's forces were politically very well attuned.

After a campaign in which to some observers prohibition provided the most clear-cut policy distinction between the two parties, the 1932 election gave the Democrats their greatest victory since before the Civil War. In 1933, prohibition repeal moved ahead rapidly. Congress approved by two-thirds vote a repeal amendment calling for use of the untried system of ratification by state conventions. In face of initial uncertainty about how this process should work, the AAPA and its allies worked quickly and effectively to get thirty-seven state legislatures to organize delegate elections and hold conventions before year's end. These delegate elections functioned very much as public referenda as voters were given a choice of wet or dry slates. Less than eleven months after Congress acted, state conventions completed ratification of the Twenty-first Amendment. What many experienced politicians including Roosevelt had believed impossible was achieved with extraordinary speed.[18]

The conclusion of the constitutional struggle over alcohol prohibition did not end Roosevelt's confrontation with those who had led the repeal battle. The As-

[18] David E. Kyvig, *Repealing National Prohibition* (Chicago: University of Chicago Press, 1979), 147–82; see also Clement E. Vose, "Repeal as a Political Achievement" in Kyvig, ed., *Law, Alcohol, and Order: Perspectives on National Prohibition* (Westport, Conn.: Greenwood Press, 1985), 97–121.

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sociation Against the Prohibition Amendment, which had consistently argued that national prohibition's major error was putting too much regulatory power over individual affairs in the hands of the federal government, was soon reincarnated as the American Liberty League. The transmogrification was superficial and transparent. The Liberty League's national advisory board, its contributors list, doctrine, organizational structure, and even letterhead bore a striking resemblance to the antiprohibition leadership.[19]

From the moment of its founding, the Liberty League declared that its purpose was to defend the Constitution. It began a steady drumbeat of criticism of the New Deal with a weekly barrage of pamphlets, radio broadcasts, and press releases. The League concentrated its attack on programs such as the NRA and AAA, which it said usurped power by shifting congressional functions to bureaucratic structures controlled by the executive. When the Supreme Court overturned the NRA and AAA, the League expressed delight; and when Roosevelt criticized the decisions, the League charged that he was seeking to build an omnipotent presidency.[20]

Rather than dismissing and ignoring the League, as he often did his opponents, Roosevelt fought back fiercely. In his January 1936 State of the Union address, the President described his critics as "unscrupulous money-changers [who] steal the livery of great national constitutional ideals to serve special interests."[21] At the Democratic convention in June he declared, "These economic royalists complain that we seek to overthrow the institutions of America. What they really complain of is that we seek to take away their power. In vain they seek to hide behind the Flag and the Constitution."[22] With the election looming and the Liberty League's strength untested, a nervous James Farley, the Democratic national chairman, hired a full-time publicist to do nothing but plan attacks on the League, or, as he called it, "the millionaire's union."[23]

Although historians, their perspective no doubt influenced by the November election results, have usually dismissed the Liberty League and treated FDR's attacks upon it as a clever straw man tactic, Roosevelt appears to have been genu-

[19] AAPA president Jouett Shouse, who had earlier been John Raskob's executive director of the Democratic National Committee, now became Liberty League president with Raskob in the background as an active, if unofficial adviser. AAPA founder William Stayton became League secretary, and board member Grayson Murphy served as treasurer. The League executive committee was dominated by former AAPA leaders or friends: Shouse, Irénée du Pont, James Wadsworth, Pauline Sabin, John W. Davis, and Al Smith. Kyvig, *Repealing National Prohibition*, 191-2.

[20] Jouett Shouse, *The Return to Democracy*, NBC radio speech, 1 July 1935, reprinted as a pamphlet (Washington, D.C.: American Liberty League, 1935), is a good example of the league's arguments. See also Frederick Rudolph, "The American Liberty League, 1934-1940," *American Historical Review* 56 (October 1950): 19-33; and George Wolfskill, *The Revolt of the Conservatives: A History of the American Liberty League, 1934-1940* (Boston: Houghton Mifflin, 1962), 65-67, 102-18.

[21] Roosevelt, *Public Papers*, vol. 5 (New York: Random House, 1938), 14.

[22] Ibid., 234.

[23] Wolfskill, *Revolt of the Conservatives*, 212-219; David E. Kyvig, "Objection Sustained: Prohibition Repeal and the New Deal" in Jack S. Blocker, ed., *Alcohol, Reform, and Society* (Westport, Conn.: Greenwood Press, 1979), 211-12.

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inely concerned about these foes.[24] He made many oblique references to them, no doubt remembering their previous successes and wondering whether they might surprise him again. Roosevelt's landslide 1936 victory shattered the Liberty League and left its leaders silent, but FDR apparently did not dismiss the possibility that they might return to fight if they could do so on their favorite constitutional battlefield, employing their impressive skills with the amendment process. When he received word that the Supreme Court had upheld the National Labor Relations Act in April 1937, a relieved and ebullient FDR showed how much the Liberty League had been on his mind by immediately pointing out to the press that the Court's decision refuted the League's September 1935 claim, which he quoted precisely, that the act was "thoroughly and completely unconstitutional."[25]

Roosevelt was casting around for a solution to his problems with the Court at the same time he was contending with the Liberty League. Roosevelt and his inner circle began considering what to do about the Court in January 1935 in the aftermath of the "hot oil" decision. FDR discussed with Interior Secretary Harold Ickes the possibility of expanding the Court and adding sympathetic justices if the next decision also went against the administration. The following day Attorney General Homer Cummings suggested the same possibility at a cabinet meeting.[26]

As usual, however, Roosevelt was simultaneously exploring various ways of dealing with an issue. He discussed a number of specific amendment proposals with senators, cabinet members, and informal legal advisers from Felix Frankfurter to the American Federation of Labor's chief counsel, Charlton Ogburn, and Attorney General Cummings. FDR appears neither to have chosen nor ruled out a wide variety of legislative or amendment solutions to the Court problem.

In late January 1935, FDR indicated to Senator George Norris his favorable opinion of a constitutional amendment to require more than a simple majority of justices to declare an act of Congress unconstitutional. Norris, who as chairman of the Senate Judiciary Committee had led the successful fight for the adoption of the Twentieth or Lame-Duck Amendment, had long desired such a reform and believed that with FDR's support it could be adopted. The Nebraska senator urged the President to make the attempt and offered his "hearty cooperation.[27] Enthusiasm for Norris's proposal that a two-thirds vote of the Supreme Court be required to set aside an act of Congress as unconstitutional soon cooled, however, when it became clear that such a requirement could lead to the awkward situation

[24] Franklin D. Roosevelt to Lewis M. Herman, 7 September 1935, and to Herbert S. Houston, 31 July 1936, PPF, FDRL; James A. Farley diary, 30 December 1935, 16 and 19 January, 24 March, and 20 April 1936, James A. Farley Papers, LC.

[25] Roosevelt, *Public Papers*, 6: 152.

[26] Harold L. Ickes diary, 11 January 1935, Harold L. Ickes Papers, LC. The most detailed contemporary account of the Court fight, Joseph Alsop and Turner Catledge, *The 168 Days* (New York: Doubleday, 1938), 20–28, dated Roosevelt and Cummings's inquiries as beginning in the summer of 1936 and thus overlooked the period when amendments were being most seriously considered.

[27] George Norris to FDR, 1 February 1935, in FDR to Homer Cummings, 11 February 1935, Homer Cummings Papers, University of Virginia Library, Charlottesville, Va.

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where a 5–4 majority of the Court would declare a law unconstitutional but yet the law would remain in force.

The administration's narrow victory in the gold cases apparently ended talk of Court reform for the moment. However in May 1935 Attorney General Cummings noted in his diary that the Schechter decision had revived talk of amending the Constitution. Roosevelt began gathering advice from Cummings, NRA general counsel Donald Richberg, and others.[28] Senator Edward Costigan urged the President to seek an amendment empowering Congress to legislate for the general welfare where states could not effectively do so and suggested that a conference of governors be called to help obtain its adoption.[29] FDR thought enough of the proposal to want to discuss it further with Costigan in a White House meeting.[30]

Roosevelt aide Thomas Corcoran and NRA attorney Jack Scott looked further into the possibility of amplifying the general welfare clause. Between January and September 1935, Scott worked on the idea of employing the language of the 1787 Virginia Resolutions. On behalf of the Virginia delegation, George Washington had asked the Constitutional Convention to provide for the national legislature to "legislate in all cases for the general interests of the union, and also in those to which the states are separately incompetent, or in which the harmony of the United States may be interrupted by the exercise of individual legislation." The convention had accepted this definition of congressional authority, Scott explained, but the committee on drafting had obscured it. An amendment employing Washington's exact language would gain ready public approval and be awkward to oppose, he thought. Scott concluded that such an amendment would legitimate the NRA and other legislation pending before the Court and yet not be seen as a reaching for new power.[31]

Meanwhile, however, Roosevelt was being cautioned by Felix Frankfurter, one of his most trusted advisers on law and legislation. Cool to the amendment approach from the outset, Frankfurter counseled delay in proposing an amendment until public support had been stirred. Instead, he urged going forward with legislation such as the Social Security bill and the Wagner labor relations bill, putting them up to the Supreme Court. If the Court struck them down, the problem would be sharply defined in ways that the common man could understand and against which opponents could not use vague arguments based upon traditionalist loyalties to the Court. Besides, Frankfurter concluded, the Court might in the meantime change its mind.[32] FDR's 31 May press conference outburst about "the horse-

[28] Cummings diary, 27 May 1935, Cummings Papers. Characteristically, he provided no details other than that he had spent two hours at the White House discussing amendments with FDR, Richberg, and Solicitor General Stanley Reed.

[29] Edward Costigan to FDR, 29 May 1935, PPF, FDRL.

[30] FDR to Marvin McIntyre, 11 June 1935, PPF, FDRL.

[31] Jack Garrett Scott to Tom Corcoran, 2 September 1935, Corcoran Papers.

[32] Felix Frankfurter to FDR, 23 May 1935, Felix Frankfurter Papers, LC. See also Frankfurter to National Consumer's League, 16 September 1936, Mary W. Dewson Papers, FDRL.

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and-buggy Court" was widely interpreted as signaling an impending initiative against the Court. But Roosevelt adopted Frankfurter's view that action was premature. He was not yet certain how to proceed and was unhappy at the criticism that merely hinting at reform had provoked. The President wrote a friend: "Time alone can tell what constitutional procedure can accomplish the results or whether constitutional amendment is advisable, as it has been in a number of cases in the past. After all, Abraham Lincoln was not called a traitor when he suggested an amendment abolishing slavery; neither were other Americans, great and small, anathematized when they recommended a constitutional amendment repealing the Eighteenth Amendment!"[33] Meanwhile, a public opinion survey showing that over three-fourths of New Jersey voters would support constitutional change to make the New Deal effective caught Roosevelt's eye.[34]

Charlton Ogburn, American Federation of Labor (AFL) general counsel, advised FDR in August that his office was drafting for the AFL executive committee an amendment "which, if enacted, would, I believe, give the power to Congress needed to carry out your policies and prevent their being nullified by the Supreme Court."[35] Roosevelt quickly professed to be "very anxious" to see what Ogburn had come up with.[36] By autumn, Roosevelt was exploring yet another possibility. Over lunch with Harold Ickes, FDR talked of seeking an amendment to reduce the long wait for Court decisions and curb the Court's absolute power to declare laws unconstitutional. The amendment FDR had in mind would allow the attorney general to seek an immediate ruling from the Court on just-passed legislation and give the Congress the right to override any finding of unconstitutionality by again approving the legislation in its next session. The power of judicial review would be made explicit, but final authority would be shifted to the legislative branch. Roosevelt presented the same proposal to a cabinet meeting six weeks later. On both occasions he specifically expressed distaste for the British practice of reversing constitutional rulings by simply adding members to the House of Lords. The President told the cabinet he preferred either a substantive amendment or one permitting Congress to override the Court. Ickes, the old Progressive, saw particular merit in the latter plan.[37]

During 1935 FDR proceeded slowly, apparently uncertain how to deal with the Court but inclined to think that some amendment would be necessary. It was typical of Roosevelt to mull over several possible solutions before committing himself to any one. When the Supreme Court delivered another jolt with its January 1936 *U.S. v. Butler* ruling striking down the AAA, administration strategy was still unsettled. Charlton Ogburn anticipated that some amendment would shortly

[33] FDR to James T. Soutter, 10 June 1935, PPF, FDRL.

[34] FDR notation to Marvin McIntyre on Karl L. Gauck to FDR, 8 June 1935, PPF, FDRL.

[35] Charlton Ogburn to FDR, 7 August 1935, OF, FDRL. The correspondence does not make clear what sort of amendment Ogburn then had in mind.

[36] FDR to Ogburn, 14 August 1935, OF, FDRL.

[37] Ickes diary, 13 November 1935, and 27 December 1935, Ickes Papers.

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be forthcoming and talked to FDR of the need to make amendment ratification easier and more democratic.[38] A few days later, Ogburn was discussing with Attorney General Cummings a judicial retirement amendment. Cummings, eager to eliminate lifetime judicial tenure, talked of requiring federal judges to retire at age seventy. The AFL counsel pointed out that before he became chief justice, William Howard Taft favored mandatory judicial retirement at seventy.[39] Cummings passed the retirement amendment idea and the Taft quotation along to Roosevelt. He cautioned that he did not offer this solution "as an immediate proposition, but as one which we should have seriously in mind should conditions develop to that point."[40]

Attorney General Cummings, not very familiar with the amending process, displayed a pronounced leeriness toward it.[41] When FDR asked him on 29 January 1936, whether the time had come to revise the Constitution, Cummings thought not. "The real difficulty is not with the Constitution but with the judges who interpret it," he told the President. Cummings was beginning to frame his preferred solution to the Court crisis. However, it is significant that at the outset he thought it necessary to cast his plan in the form of an amendment, despite his clear discomfort with that approach.[42]

In a series of speeches during 1936, Donald Richberg, former NRA general counsel who frequently conferred with FDR and Cummings on the Court, offered perhaps the clearest view of evolving administration thinking on constitutional change. Richberg moved from describing amendment as a possible solution to the New Deal's judicial problems through an increasingly alarmist contemplation of the consequences of amendment to the conclusion, echoing Cummings, that a transient majority of justices represented the problem. Richberg eventually decided that constitutional amendment was not only dangerous, but unnecessary.

On the day after the Butler decision, Richberg reminded an audience that the Constitution could be changed rapidly.

> The Prohibition amendment was ratified within thirteen months after it was submitted by the Congress and the repeal amendment in less than one year. Every one of the last

[38] Ogburn to FDR, 9 January 1936, OF, FDRL.

[39] Ogburn to Cummings, 3 February 1936, and Cummings to Ogburn, 10 February 1936, Cummings Papers.

[40] Cummings to FDR, 7 February 1936, Cummings Papers.

[41] Undated memo, Cummings to FDR, Cummings Papers.

[42] "If we come to the question of a constitutional amendment, enormous difficulties are presented. No one has yet suggested an amendment that does not do either too much or too little, or which does not raise practical and political questions which it would be better to avoid. . . . We might well be giving some serious thought to an amendment to the Constitution (should we find we are forced to that point) which would require the retirement of all Federal Judges, or, at least, all Supreme Court Judges, who have reached or who hereafter reach the age of seventy years. . . . Such an amendment would probably encounter less opposition than almost any other I can think of. It would have the advantage of not changing in the least degree the structure of our Government, nor would it impair the power of the Court. It would merely insure the exercise of the powers of Court by Judges less likely to be horrified by new ideas." Cummings to FDR, 29 January 1936, Cummings Papers.

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> five amendments was ratified within two years of its submission to the States. . . . constitutional amendment has been indeed difficult—and . . . not one revision has been made—in a period of tranquil progress, when conflicting economic and political interests were being wisely compromised. But . . . [in] periods of great national strain constitutional amendments have been rapidly effected by mass movements of irresistible force. . . . against which the arguments of lawyers and the warnings of political scientists . . . have the gallant futility of soap bubbles blown into a hurricane.

Richberg's uneasiness about the effect, not the difficulty of amendment came through clearly as he warned in conclusion:

> Efforts to thwart the public will through stretching the judicial power to nullify legislative acts and to evade statutory prohibitions are practically certain in the long run to result in extensions of legislative power and curtailment of judicial power through constitutional amendment that may work infinitely more radical changes in our institutions and render individual rights and property rights much less valuable and secure than if there had been greater toleration of legislative action in the beginning.[43]

Richberg advanced the argument that only a slender and temporary majority of Supreme Court justices, disregarding an impressive body of lower court opinion, was rejecting the New Deal.[44] Responding to Al Smith's Liberty League dinner speech in which the former presidential candidate charged that the New Deal was ignoring the Constitution, Richberg pointed to the 1787 Virginia plan for the Constitution. It offered a sufficiently broad view of congressional responsibility for the general welfare to deal with modern circumstances. What was needed, said Richberg, was not a change in the Constitution but a change in the construction placed upon it by a Supreme Court majority. In the face of judicial autocracy, Richberg indicated he would favor the provision of congressional power to override the Court.[45]

Requiring amendment to reverse Court action gave the judiciary an unintended dominance over the legislature, Richberg argued. "Why should words of the Constitution be amended merely in order to change the construction placed upon those words, when equally able, high-minded and disinterested students of the law believe that the Constitution, as it now reads, should be construed that the law will be held valid?" he asked.[46] Richberg's speeches increasingly emphasized the difficulty of phrasing amendments to enhance federal power without seriously curtailing local self-government.[47] "The people have a right to demand that the Con-

[43] Donald R. Richberg, "Undermining the Constitution," *Vital Speeches of the Day*, 13 January 1936, 238–44.

[44] Richberg, "The Constitution, the New Deal and 1936," address at luncheon of Penn Athletic Club, 9 January 1936, speech file, Donald R. Richberg Papers, LC.

[45] Richberg, "Constitutional Difficulties of Self-Government," Boston, 16 February 1936, *Congressional Record*, 27 February 1936.

[46] Richberg, "Should We Amend the Constitution, *Missouri Bar Journal* 7 (March 1936): 45–53.

[47] Richberg, "The Need for Constitutional Growth by Construction or Amendment," speech to Kentucky Bar Association, 3 April 1936; "What About the Constitution?" speech to meeting of Sons of the American Revolution, Washington, 16 December 1936, speech file, Richberg Papers.

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stitution should be interpreted to express the will of the people and not the personal opinions of the justices of the Supreme Court," he declared repeatedly.[48]

Roosevelt consulted with Richberg and Cummings before approving a statement for the 1936 Democratic platform.[49] It presented amendment more as a threat than a solution: "If these problems cannot be effectively solved within the Constitution, we shall seek such clarifying amendment as will assure the power to enact those laws, adequately to regulate commerce, protect public health and safety and safeguard economic security."

During 1936 Richberg came to view amendment as a possible, but not mandatory—or even desirable—solution to the New Deal's problems. Observing that in the past amendments occurred most often during a crisis, he assumed that amendment could be achieved in the present circumstances. He concluded, however, that the Constitution contained adequate justification for New Deal actions and that amendment was not necessary. Only an out-of-step element on the Supreme Court, a slender majority, refused to embrace what most judicial opinion accepted. The time had come for the Court majority to heed the popular voice. It was an argument that Franklin Roosevelt would soon embrace.

With voters demonstrating overwhelming support for the President and his party in November 1936, many New Deal partisans assumed that FDR would now proceed with an amendment. At its December annual meeting, the National Consumers' League, which had been soliciting the views of leading attorneys since midsummer, announced that it supported an amendment clarifying federal power under the general welfare clause.[50] A group of government and labor leaders from fifteen states, headed by the New York State Industrial commissioner, began organizing a campaign for an amendment to grant Congress specific power to regulate hours, wages, working conditions, labor relations, and social security.[51] Democratic National Committee Vice Chairman Mollie Dewson encouraged both groups. She began enlisting support around the country for some New Deal amendment, declaring "Personally, I can't see any substitute for an amendment and I believe a satisfactory one can be worked out."[52] As 1937 dawned, liberals and party loyalists

[48] Richberg to J. R. Brackett, Associated Press, 3 June 1936; "Social Welfare and the Constitution," speech to American Association for Labor Legislation and American Political Science Association, Chicago, 30 December 1936, speech file, Richberg Papers.

[49] Cummings to FDR, 20 June 1936, Cummings Papers; Richberg to Marvin McIntyre, 16 June 1936, Richberg Papers.

[50] National Consumers' League, *Clarifying the Constitution by Amendment*, New York, 15 December 1936, Cummings Papers.

[51] Summary of meeting of Minimum Wage Conference, 27 November 1936; Elmer F. Andrews, New York State Industrial Commissioner, to Joseph M. Tone, Commissioner, Connecticut Department of Labor and Factory Inspection, 22 December 1936; Anderson to members of the New York State Minimum Wage Conference, 26 January 1937, Dewson Papers.

[52] Dewson to Stanley Reed, 10 December 1936; to James Thompson, New Orleans, 12 December 1936; to J. C. Pryor, Burlington, Iowa, 13 January 1937; to James M. Langley, Concord, New Hampshire, 26 January 1937, Dewson Papers.

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were gearing up for an amendment campaign with notable enthusiasm and optimism.

Meanwhile, Roosevelt and Attorney General Cummings were making up their minds to proceed in another direction. Shortly after the election, Cummings noted in his diary that "The president thoroughly understands my attitude which is in substance that there is nothing the matter with the Constitution but that the entire difficulty has grown out of a reactionary misinterpretation of it." The attorney general preferred a legislative solution, worrying that "The path to an amendment to the Constitution is a thorny one and would necessitate a delay of at least two years before anything tangible could be done."[53] During the next month, Cummings gained confirmation of his view by consulting with such constitutional experts as Edward Corwin of Princeton and Charles Clark of Yale.

By Christmas eve, Cummings had abandoned as hopeless the quest for a satisfactory amendment. "Many of the schemes that have been suggested are fantastic and some of them, if adopted, would pretty well wipe out any check on legislative authority. Herein lies the chief danger of tinkering with the so-called welfare clause of the Constitution," the attorney general concluded. Other possibilities, such as altering the commerce or due process clause presented similar dangers. "If the amendment goes as far as some desire, it would let down all the barriers, and, on the other hand, unless drastic provision is taken, might be the subject of subsequent devitalization by interpretations at the hands of an ultra-conservative court." The adoption process as well as the substance of an amendment drove Cummings toward other solutions. He concluded, "The Administration cannot very well let its social program bog down because of adverse Supreme Court decisions, and, on the other hand, the delays incident to amendment are rather appalling."[54]

On the day after Christmas, FDR, who had been reading Richberg's latest memorandum disparaging amendment, listened as Cummings did likewise. When the attorney general then offered the court-packing alternative, by all appearances a relatively simple concept to articulate and implement, the President gave the go-ahead to draft legislation.[55] Over the next six weeks, both Cummings and Richberg met repeatedly with Roosevelt as the bill and the message presenting it to Congress were polished.[56]

FDR, having made his choice, began to build a public case against amendment in his 6 January 1937 State of the Union message. Reviewing the problems of depression and the New Deal's efforts to meet them, FDR embraced the Richberg-Cummings view as his own: "During the past year there has been a growing belief that there is little fault to be found with the Constitution of the United States as it stands today. The vital need is not an alteration of our fundamental law, but

[53] Cummings diary, 15 November 1936.
[54] Ibid., 24 December 1936.
[55] Ibid., 26 December 1936.
[56] Ibid., 7, 24, 30 January, 2, 3, and 4 February 1937.

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an increasingly enlightened view with reference to it."[57] Furthermore, he told reporters, too much time was required to win agreement on an amendment from among the many different proposals put forth and to overcome obstacles to ratification.[58]

Roosevelt explained his choice to intimates more bluntly. He told his cabinet that he understood that the Liberty League had already collected a large sum of money in New York to block an amendment.[59] In a letter to Felix Frankfurter on which he hand wrote "Privatissimo," Roosevelt explained that he felt it would be impossible to get two-thirds of both houses to agree on amendment language "which would cover all of the social and economic legislation, but at the same time, not go too far." FDR put the chances of success in Congress at fifty-fifty, and then gave ratification little chance. Despite his recent electoral triumph, the political challenge of amendment seemed formidable to Roosevelt. It appeared to daunt him more than the problem of choosing appropriate New Deal-affirming language. The President told Frankfurter, "If I were in private practice and without a conscience, I would gladly undertake for a drawing account of fifteen or twenty million dollars (easy enough to raise) to guarantee that an amendment would not be ratified prior to the 1940 elections. In other words, I think I could prevent ratification in thirteen states."[60]

Roosevelt again stressed the political difficulty of amendment to another intimate, Charles Burlingham, a few days later:

> Those people in the Nation who are opposed to the modern trend of social and economic legislation realize this and are, therefore, howling their heads off in favor of the amendment process. . . . you and I know perfectly well that the same forces which are now calling for the amendment process would turn around and fight ratification on the simple ground that they do not like the particular amendment adopted by the Congress. If you were not as scrupulous and ethical as you happen to be, you could make five million dollars as easy as rolling off a log by undertaking a campaign to prevent ratification by one house of the legislature, or even the summoning of a constitutional convention in thirteen states for the next four years. Easy money.[61]

In a fireside chat radio broadcast on 9 March, FDR, facing an intense reaction against his plan, criticized the Court's treatment of the New Deal and argued that the Constitution gave the Congress ample powers. He cited minority opinions from recent decisions to demonstrate that "there is no basis for the claim made by some members of the Court that something in the Constitution has compelled them regretfully to thwart the will of the people."[62] He then described the court plan

[57] Roosevelt, *Public Papers*, 5: 639.

[58] Ibid., 6: 76.

[59] Ickes diary, 6 February 1937.

[60] FDR to Felix Frankfurter, 9 February 1937, Frankfurter Papers. Thomas Corcoran, speaking for FDR, had told Ickes essentially the same thing, 8 January 1937, Ickes diary.

[61] FDR to Charles Burlingham, 23 February 1937, PSF, FDRL.

[62] Roosevelt, *Public Papers*, 6: 126.

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as the only solution "short of amendment."[63] After presenting his plan in the most reassuring light, FDR declared that many amendments are proposed and that

> It would take months or years to get substantial agreement upon the type and language of an amendment. It would take months and years thereafter to get a two-thirds majority in favor of that amendment in both Houses of the Congress. Then would come the long course of ratification by three-fourths of all the States. No amendment which any powerful economic interests or the leaders of any powerful political party have had reason to oppose has ever been ratified within anything like a reasonable time. And thirteen States which contain only five per cent of the voting population can block ratification even though the thirty-five states with ninety-five percent of the population are in favor of it.[64]

The President made no mention of recent episodes which suggested otherwise about the time needed to achieve an amendment. Certainly the two most recent constitutional actions, the 1932–1933 lame duck amendment and the 1933 prohibition repeal amendment, contrasted sharply with his characterization of time requirements.

Roosevelt hinted at his concern with the Liberty League to his radio audience:

> Two groups oppose my plan on the ground that they favor a constitutional amendment. The first include those who fundamentally object to social and economic legislation along modern lines. This is the same group who during the campaign last Fall tried to block the mandate of the people. Now they are making a last stand. And the strategy of that last stand is to suggest the time-consuming process of amendment in order to kill off by delay the legislation demanded by the mandate. To them I say – I do not think you will be able long to fool the American people as to your purposes. . . . The other group is composed of those who honestly believe the amendment process is the best and who would be willing to support a reasonable amendment if they could agree on one.

However, FDR warned:

> We cannot rely on an amendment as the immediate or only answer to our present difficulties. When the time comes for action, you will find that many of those who pretend to support you will sabotage any constructive amendment which is proposed. Look at these strange bed-fellows of yours. When before have you found them really at your side in your fights for progress?[65]

Roosevelt loyalists such as Molly Dewson, Charlton Ogburn, and Harold Ickes dropped their amendment schemes and rushed to support the President.[66] Aides James Farley, Tom Corcoran, and Ben Cohen, who had not helped develop the proposal, went to work pushing the President's plan and arguing against the need for amendment.[67] The battle thus joined produced the congressional stalemate

[63] Ibid., 127.

[64] Ibid., 131.

[65] Ibid., 131–32.

[66] Dewson to Mrs. Anna Dickie Olesen, 4 March 1937, Dewson Papers; Ogburn to FDR, 6 February 1937, PPF, FDRL; William Green to George W. Norris, 23 February 1937, Norris Papers, LC; Ickes diary, 6, 11, and 14 February 1937, Ickes Papers.

[67] Farley diary, 11 and 15 February 1937, Farley Papers, LC; Thomas G. Corcoran New Deal files, Corcoran Papers.

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already described together with the shift of Court decisions that allowed FDR to claim victory.

Roosevelt's argument that amendment was just too difficult has generally been taken at face value. Unsuccessful contemporary efforts to win state ratification of the child labor amendment made it a plausible explanation.[68] Yet closer examination of the evidence suggests a more complex reality. The history of the five previous amendments, all but one of which involved major constitutional change and all of which were ratified within fifteen months of passage by Congress, together with the 1936 election results reinforce Norris's opinion that an amendment effort led by FDR would have had a good chance of success. Roosevelt, however, was clearly quite apprehensive about the amending process, even as he stood at the very peak of political popularity and strength in late 1936. Having looked at possible amendments for a year and a half, he had not found one to his liking. Recasting the general welfare clause, perhaps the most viable approach to undergirding the New Deal but one which would not guarantee satisfactory Supreme Court rulings, failed to capture his enthusiasm. Other proposals put forth all carried liabilities. It is not suprising then that he would jump at an alternative which promised desirable results, which his legal advisers regarded as constitutionally permissible, and which seemed more within reach. Despite his 46 state, 61 percent presidential victory and three-fourths Democratic Congress, FDR was leery of amendment politics. He obviously feared that his sophisticated and moneyed Liberty League foes, however discredited at the polls, retained the support and skills to block an amendment. FDR wanted to avoid battle with those who had surprised him before in the prohibition repeal struggle.

The argument that thirteen state legislatures would have frustrated a New Deal amendment rings hollow, and not only in light of the 1936 election returns. A Justice Department memorandum showing that Congress could establish ratification conventions such as used in 1933 undercut the notion that state legislatures would ever need to be involved.[69] However, neither Roosevelt, his attorney general, nor those close to them appear to have very carefully thought through the workings of the amendment process.[70] Their attention centered on the language of amendments, not the mechanics of their passage. The President and his circle downplayed the successful adoptions of Amendments Sixteen through Twenty-one since 1913 and worried about the problems encountered by the child labor amendment. They simply did not understand very much about how advocates of amendments had achieved their goals in the past and how they might manage the process to get an amendment through the Congress and states in rapid order. The infrequency of amendment left normally skilled politicans with relatively few of the experiences that could have helped them see the way to obtain additional amendments.

[68] By 1937 the child labor amendment was still eight short of the necessary thirty-six ratifications, although it had been approved by twenty-eight states since Congress had passed it in 1924.

[69] Cummings to Alexander Holtzoff, 13 July 1937, Cummings Papers.

[70] Cummings to Holtzoff, 22 July 1937, Cummings Papers.

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It is well worth contemplating that Roosevelt came to view the Constitution itself as fundamentally irrelevant to his immediate problem. The Constitution was clearly to be worshipped from afar, but up close it was a stumbling block to be circumvented, not a structure to be lived in and remodeled to suit. Devising constitutional language to sanctify the New Deal concept of government was not deemed essential. On the other hand, maneuvering judicial appointments to win approval of a reformulated definition of federal government powers was acceptable. Fear of the unanticipated consequences of an amendment, which the Court might interpret more broadly or more narrowly than intended, outweighed the sense of obligation to bring the language of the Constitution into conformity with current or desired governmental practice.

Observing the 150th anniversary of the constitutional convention in September 1937, the President spoke of his reverence for the Constitution. Then, with no sense that he was contradicting himself, FDR expressed frustration with its inflexibility. Pointing to the time it had taken to adjust the Constitution's terms on income taxes and women's and children's labor issues, Roosevelt declared, "We can no longer afford the luxury of twenty-year lags."[71]

FDR had immediate political success, not permanence of policy, foremost in mind. This made George Norris, a longtime student of the Constitution who was strongly sympathetic to the New Deal, clearly uncomfortable. He went along grudgingly with the Court bill. The Nebraskan wrote: "I do not like the president's proposal, not because it is unconstitutional, but because I doubt the wisdom of proceeding in that way and because it is not, in my judgment, fundamental, and will only be a temporary remedy."[72] Norris used even stronger language to AFL President William Green, warning that there was "great danger in the method he has proposed" which will "plague our descendants" because "it does not strike permanently at the evil we want to remedy."[73] New Deal loyalists such as Interior Secretary Ickes and Representative D. Worth Clark agreed with Norris. Ickes believed that "in the end we must have an amendment. We can't depend upon a liberal majority of the Court in the future any more than we can now."[74] Clark's fears went further: "The weapon which the president has chosen to achieve his end is a two edged sword. It may serve the cause of liberty today but tomorrow it could prove just as effective in the hands of a despotic reactionary."[75]

Franklin Roosevelt's decision to pursue a legislative solution to his difficulties with the Court rather than seek an amendment mandating the New Deal concept of federal responsibility has consequences for our time along the lines that George

[71] Roosevelt, *Public Papers*, 6: 366.

[72] Norris to Jerome F. Heyn, 3 April 1937, Norris Papers, quoted in Patterson, *Congressional Conservatism*, 89.

[73] Norris to Green, 26 February 1937, Norris Papers.

[74] Ickes diary, 6 February 1937.

[75] Clark to William Borah, 23 February 1937, Borah Papers, LC, quoted in Patterson, *Congressional Conservatism*, 89–90.

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Norris predicted. For instance, recent advocates of limited government downplay or deny federal responsibility for social welfare. In the absence of a constitutional directive to follow a different course, a public with a short, selective historical memory finds no reason to demand otherwise. Proponents of a more expansive view can point to a half century of federal practice and judicial approval but no specific constitutional sanction. Without explicit constitutional defense, the New Deal's legislative heritage rests on sand. Fifty years after FDR's attempt to enlarge the Court, much of the country has apparently returned to a pre-New Deal view of federal duty. It is worth contemplating how the situation might differ had the New Deal felt it possible and important to write its view of federal obligation into the Constitution.

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Four Perspectives on Urban Hardship

RICHARD P. NATHAN
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The decennial census allows us to take a closer look at the social and economic conditions of the country than we can get at any other time. In this article we focus on fifty-five large cities to study developments in urban hardship conditions in the 1970s primarily using decennial census data. Our analysis indicates that in the 1970s these fifty-five cities lost ground relative to their suburbs; that the most distressed cities lost ground relative to other cities; and that the problem of concentrated poverty increased and is correlated with the worsening problems of the most distressed large cities.

Unfortunately, decennial census data are slow to emerge and take time to assess. These problems with studying urban conditions are compounded by a lack of data for the intervening years between the decennial censuses. We have done our best in this article to update the analysis of urban conditions and present more recent data that suggest the hardship conditions of large cities persist into the 1980s and in fact are getting worse.

The primary purpose of this article is to combine four perspectives on urban conditions, each portraying a different spatial view. The first perspective can be likened to an aerial photograph where we look at how central cities relate to their surrounding metropolitan areas. For this purpose, we have updated the composite index used in our earlier work that contrasts social and economic conditions in cities with their outlying suburbs.[1] The second perspective focuses on central cities

[1] Richard P. Nathan and Charles F. Adams, Jr., "Understanding Central City Hardship," *Political Science Quarterly* 91 (Spring 1976): 47–62.

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themselves and assesses relative hardship conditions across the fifty-five central cities in our analysis. The third and fourth perspectives focus on parts of the city—poor neighborhoods and the central business district (CBD). These four lenses provide what we feel is a fuller picture of urban conditions and offer a better understanding of the dynamics of change in America's large cities.

The fifty-five urban areas studied in this article are the most populous central cities and suburbs of standard metropolitan statistical areas (SMSAs) with 1970 populations over 500,000. Because of our special interest in city-suburb comparisons, we omitted eleven cities with very large or very small suburban areas in the SMSA—where the central city comprised over 75 percent or less than 18 percent of the total SMSA population. The suburban areas studied are the SMSA minus the central city.[2]

Metropolitan Area-wide Perspective

The metropolitan area index uses six factors equally weighted to compare city and suburban areas. The six factors are: *Unemployment*, percent of the civilian labor force unemployed; *Dependency*, persons less than eighteen or over sixty-four years of age as a percent of total population; *Education*, percent of persons twenty-five years of age or more with less than twelfth-grade education; *Income level*, per capita income; *Crowded housing*, percent of occupied units with more than one person per room; and *Poverty*, percent of families below 125 percent of low-income level.[3]

We constructed the index so that values greater than 100 indicate cities comparing unfavorably with their adjoining suburbs in hardship conditions, and vice versa for values below 100. Table 1 shows that from 1970 to 1980 there was a substantial increase in the degree of hardship disparity between cities and suburbs.[4] Figure 1, a scatterplot of city-suburb hardship measures in 1970 and 1980, depicts this widening gap between most of the cities and outlying suburbs. The names of the ten cities where the disparity measures increased by the largest increment between 1970–1980 are shown in the figure, as are the names of the cities registering

[2] The same 55 SMSAs are included in the analysis for 1970 and 1980. For Dallas and Fort Worth, which were consolidated into one SMSA as of 1980, the original 1970 SMSA configurations were used in the 1980 analysis.

[3] The data sources and methods used to construct the indices are explained in the appendices.

[4] It should be noted that by the nature of the index, between-period comparisons are affected not only by changes in hardship conditions for individual cities, but also by changes in the minimum and maximum values used in constructing the index. As a check on the effects due to changes in extreme values for the six hardship indicators between 1970 and 1980, the 1980 city-suburb hardship index was recomputed using 1970 minimums and maximums. The index values obtained were very close to those reported in Table 1, both in the range of scores and the placement of individual cities within the index. Hence, the shift toward greater city-suburb hardship disparity between 1970 and 1980 can be interpreted as primarily reflecting changes in hardship conditions for individual cities rather than as a product of changes in the extreme values for the six indicators.

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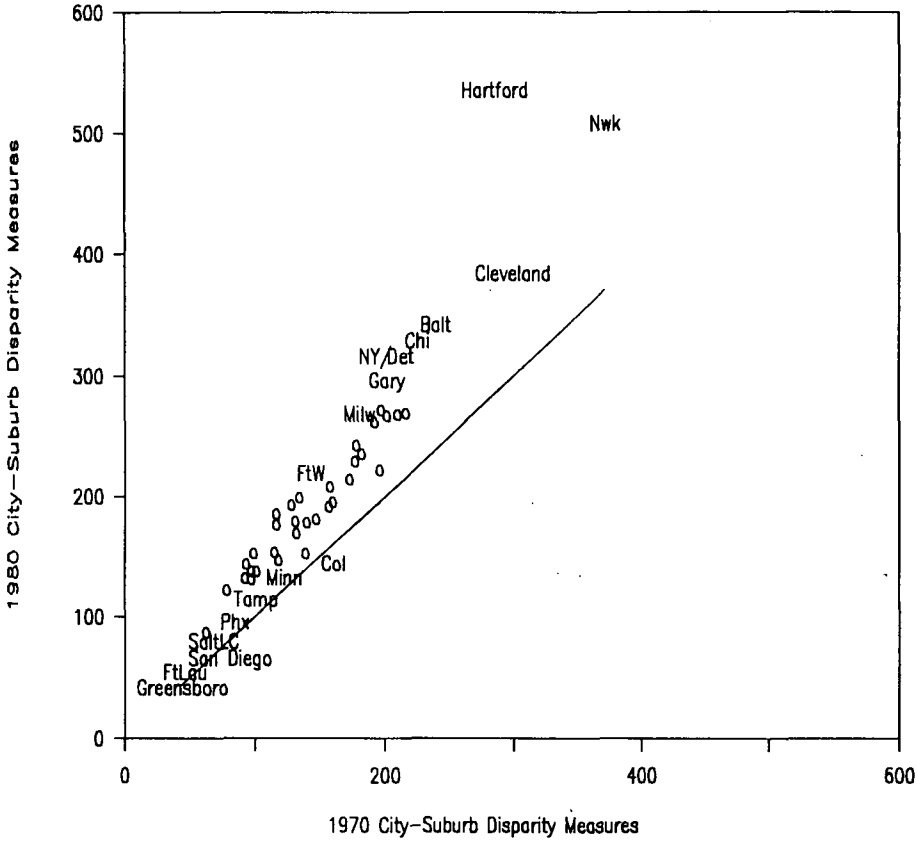
FIGURE 1*



* Note: Most of the cities shown in Figure 1 can be identified by the city-suburb disparities scores shown in Table 1. Several cities were omitted from the figure to make it legible. The cities appearing above the 45 degree line shown in the figure grew more disparate from their suburbs in 1980 than in 1970.

the smallest-increment change or becoming less disparate from their outlying suburbs. Most of the other cities are represented on the diagram by symbols. The number of metropolitan areas with index values greater than 200 (the value used in our original article to indicate significant hardship disparity) increased from nine in 1970 to twenty-four in 1980, or from approximately 16 percent to 44 percent of the areas included in the analysis. Correspondingly, the number of cities comparing favorably to their adjoining suburbs (index values below 100) decreased from thirteen in 1970 to six in 1980.[5]

[5] A second version of the 1980 index, abstracting from SMSA boundary changes between 1970 and 1980, was also constructed. It indicated an even more pronounced increase in city-suburb hard-

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TABLE 1

Index of City-Suburb Hardship Disparity for 55 of the Largest SMSA's, 1970 and 1980

City	Region	1980 City-Suburb Hardship Index	1970 City-Suburb Hardship Index	Change* in Ranking 1980–1970
Hartford	NE	536 (1)	285 (3)	−2
Newark	NE	509 (2)	371 (1)	1
Cleveland	NC	385 (3)	299 (2)	1
Baltimore	S	343 (4)	239 (4)	0
Chicago	NC	330 (5)	225 (5)	0
New York	NE	317 (6)	193 (13)	−7
Detroit	NC	317 (7)	196 (12)	−5
Gary	NC	297 (8)	202 (8)	0
Dayton	NC	274 (9)	197 (10)	−1
St. Louis	NC	271 (10)	216 (6)	4
Atlanta	S	270 (11)	210 (7)	4
Rochester	NE	269 (12)	202 (9)	3
Milwaukee	NC	269 (13)	181 (16)	−3
Philadelphia	NE	264 (14)	192 (14)	0
Buffalo	NE	245 (15)	178 (17)	−2
Boston	NE	238 (16)	182 (15)	1
San Jose	W	232 (17)	177 (18)	−1
Richmond	S	225 (18)	196 (11)	7
Akron	NC	223 (19)	148 (25)	−6
Springfield	NE	221 (20)	150 (24)	−4
Ft Worth	S	220 (21)	143 (27)	−6
Youngstown	NC	217 (22)	173 (19)	3
Miami	S	211 (23)	158 (22)	1
Denver	W	202 (24)	134 (30)	−6
New Orleans	S	198 (25)	160 (21)	4
Birmingham	S	196 (26)	128 (33)	−7
Louisville	S	194 (27)	157 (23)	4
Providence	NE	188 (28)	116 (37)	−9
Kansas City	NC	184 (29)	147 (26)	3
Sacramento	W	182 (30)	131 (32)	−2
Cincinnati	NC	181 (31)	140 (28)	3
Grand Rapids	NC	179 (32)	116 (38)	−6
Jersey City	NE	172 (33)	132 (31)	2
Toledo	NC	156 (34)	115 (39)	−5
Pittsburgh	NE	155 (35)	139 (29)	6
Syracuse	NE	155 (36)	99 (43)	−7
Indianapolis	NC	149 (37)	118 (36)	1
Omaha	NC	146 (38)	93 (46)	−8
Columbus	NC	145 (39)	161 (20)	19
Allentown	NE	140 (40)	101 (42)	−2
San Francisco	W	140 (41)	97 (45)	−4
Dallas	S	134 (42)	92 (47)	−5

continued

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TABLE 1 (*continued*)

City	Region	1980 City-Suburb Hardship Index	1970 City-Suburb Hardship Index	Change* in Ranking 1980–1970
Minneapolis	NC	133 (43)	123 (35)	8
Portland	W	133 (44)	97 (44)	0
Norfolk	S	124 (45)	78 (50)	−5
Tampa	S	115 (46)	101 (41)	5
Houston	S	113 (47)	90 (48)	−1
Los Angeles	W	112 (48)	102 (40)	8
Oklahoma City	S	110 (49)	125 (34)	15
Phoenix	W	96 (50)	84 (49)	1
Seattle	W	89 (51)	62 (53)	−2
Salt Lake City	W	77 (52)	68 (52)	0
San Diego	W	70 (53)	74 (51)	2
Ft Lauderdale	S	50 (54)	46 (54)	0
Greensboro	S	42 (55)	44 (55)	0

* No sign indicates an improved ranking in city-suburb hardship disparity between 1970 and 1980, and a negative sign indicates a worsened city-suburb disparity ranking.

It should be noted that the disparity index measures relative, not absolute, hardship conditions. Moreover, for both cities and suburbs, there were some improvements between 1970 and 1980 in the hardship factors as we measured them. For cities, housing conditions became less crowded, and there were improvements in the educational and age-dependent characteristics of city residents. Poverty and employment conditions worsened, however. Suburbs showed gains in all but unemployment conditions. On balance, the suburban gains were substantially greater than those of cities, the result being a significant worsening of city-suburb hardship disparity.

One finding about city-suburb disparities in our earlier study was the disproportionate number of high-disparity metropolitan areas in the Northeast and North Central regions of the country. This pattern persists in 1980, although the proportion of Northeast and North Central areas drops somewhat, from around 80 percent to 70 percent. Hence, between 1970 and 1980, city-suburb disparities not only became more pronounced, they also became somewhat more pervasive.

The Central City Perspective

The second perspective used in this paper compares hardship conditions between the fifty-five cities. Using the same six measures of social and economic condi-

ship disparity. In effect, for most places the hardship characteristics of newly added suburban area tend to compare less favorably to those of suburban areas defined as of 1970.

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TABLE 2

Intercity Hardship Index, 1980

City	1980 Intercity Hardship Index	Change in Index 1980–1970	Change in Rank 1980–1970*
Newark	86.1	−0.8	0
Gary	66.7	−3.6	−2
Detroit	65.1	6.1	−7
Hartford	63.0	6.5	−10
Jersey City	62.9	5.7	−7
Miami	61.5	−0.4	1
St Louis	60.1	−17.1	5
Cleveland	55.9	−5.5	−1
Baltimore	55.6	−6.3	3
Buffalo	54.4	−4.2	−1
Youngstown	53.8	−7.8	4
Birmingham	51.4	−10.2	4
Providence	50.7	−2.3	−3
Chicago	50.3	1.0	−8
New Orleans	49.3	−24.6	12
Philadelphia	49.1	−1.9	−2
New York	48.5	2.8	−11
Dayton	47.8	0.2	−6
Springfield	47.3	−4.5	2
Louisville	46.9	−9.7	7
Atlanta	46.3	−2.8	−2
Cincinnati	44.5	−9.6	7
Rochester	44.0	−3.5	−2
Toledo	40.3	−0.8	−12
Akron	40.2	−4.1	−5
Grand Rapids	38.6	−11.5	5
Tampa	38.0	−12.3	7
Syracuse	37.2	−4.2	−6
Milwaukee	35.5	−8.3	−3
Norfolk	35.4	−8.6	−1
Boston	34.8	−10.6	2
Los Angeles	34.7	−3.7	−8
Richmond	33.5	−12.7	6
Allentown	33.4	4.2	−17
Sacramento	33.2	−17.2	16
Pittsburgh	33.0	−14.3	10
Ft Worth	31.7	−11.7	4
Indianapolis	30.5	−9.9	1
Kansas City	28.2	−10.7	0
Salt Lake City	26.8	−10.4	−3
Phoenix	25.7	−14.5	3
Columbus	24.2	−10.6	−4

continued

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TABLE 2 (*continued*)

City	1980 Intercity Hardship Index	Change in Index 1980–1970	Change in Rank 1980–1970*
Omaha	23.8	−11.2	−2
San Jose	21.9	−19.3	9
Portland	21.6	−16.3	4
Dallas	20.6	−12.5	−1
Greensboro	20.0	−8.4	−6
Houston	19.8	−18.0	6
Oklahoma City	19.0	−16.0	5
San Francisco	18.2	−10.3	−2
Ft Lauderdale	17.8	−5.2	−4
San Diego	17.7	−15.1	4
Denver	17.1	−12.6	3
Minneapolis	16.3	−13.5	5
Seattle	7.5	−20.6	1

* No sign indicates an improved ranking in the intercity hardship index between 1970 and 1980, and a negative sign indicates a worsened intercity hardship ranking.

tions, the city hardship index provides values ranging from 0 (the lowest possible degree of comparative hardship) to 100 (the highest possible degree of comparative hardship). The results appear in Table 2.

As was the case in 1970, a disproportionate share of the most distressed cities in 1980 are in the Northeast and North Central regions of the country. Of the twenty-two cities in the top two quintiles of the intercity hardship index for 1980, sixteen are in these two regions. Among the fifty-five cities, Newark ranks at the top of the city hardship index in both 1970 and 1980. The city had the worst ranking in three of the six hardship factors used to generate the 1980 index (income, education, and poverty).

As to patterns of change between 1970 and 1980, there was a general trend toward somewhat lower comparative hardship values. Of the fifty-five cities, only seven moved up in the index (hardship conditions comparing more closely to the worst-case city), while index values for the other forty-six cities declined.[6] While this trend is a move in the right direction—though again it is important to note that the index measures relative not absolute hardship conditions—such improvements did not accrue uniformly. When the fifty-five cities were grouped by quintile from highest to lowest hardship ranking, substantially greater improvements in comparative hardship conditions were observed among cities at the lower end of the intercity hardship index. This suggests a widening in the gap between the best and worst off cities. In 1970 the average hardship value for the highest hardship cities was 2.2 times that for the lowest hardship cities; by 1980, comparative

[6] The 1980 intercity hardship index was also computed using 1970 minimums and maximums, and the results showed a similar downward shift in index values between 1970 and 1980.

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hardship conditions in the worst off cities had increased to 3.5 times those in the best off cities. Hence, not only did hardship disparities between cities and suburbs grow between 1970 and 1980, but social and economic conditions among the largest American cities also became more disparate.

The third column in Table 2 shows changes in the hardship rankings of individual cities. Such movements are of interest because they reflect changes not only relative to the sample as a whole, but also in relation to subgroups within it (that is, how better off cities are performing in relation to other better off cities and similarly for the more distressed cities).

Of the fifty-five cities, ten had significant changes in hardship rankings, either worsening or improving by eight places or more. The six cities with the largest increase in their relative hardship rankings between 1970 and 1980 were Allentown, Toledo, New York, Hartford, Los Angeles, and Chicago. In 1970, for example, Los Angeles ranked 40th on our urban hardship index; in 1980, the city ranked 32nd, due to comparatively weak showings in education, crowded housing, and poverty. In the case of crowded housing, there was an increase from 8.4 to 13.0 in the percent of the city's occupied housing units with more than one person per room. This compares to a decline from 7.7 percent to 5.2 percent in the average for all fifty-five cities in this analysis. In terms of the poverty rate, cities generally had a greater proportion of their population below poverty in 1980 than in 1970, but the percentage-point increase for Los Angeles was substantially above the group-wide average (a 3.8 percentage-point increase for Los Angeles versus an average percentage-point increase of 2.9 for all fifty-five cities).

The four cities whose hardship rankings improved by the largest increments between 1970 and 1980 are Sacramento, New Orleans, Pittsburgh, and San Jose. New Orleans had the third worst score in the composite urban hardship index for 1970. By 1980, it ranked 15th. Underlying this improvement were comparatively favorable developments in unemployment, education, income, and crowded housing. While still clustered among the more badly off cities (with poverty and crowded housing conditions nearly one-and-a-half times the average for all fifty-five cities), developments in New Orleans were sufficiently favorable to remove it from among the very worst off (quintile 1) cities included in the analysis.

As to the regional distribution of cities with significant changes in hardship rankings between 1970 and 1980, the pattern is again familiar. Most of the cities showing significant improvement are in the South and West, and those whose rankings worsened are mainly in the Northeast and North Central regions. There are exceptions, however, with Los Angeles losing ground and Pittsburgh making substantial improvement. Hence, changes in hardship ranking over time are not strictly accounted for on the basis of region. Other forces appear to be at work.

The Dynamics of Central City Hardship

In our earlier study of city-suburb disparity, we suggested that the dynamics of growth in areas with high city-suburb disparity are highly adverse to cities. "It

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is in these metropolitan areas that flight to the suburbs is likely to be exacerbated as out-migration from central cities causes further deterioration in the social and economic conditions of the central city."[7] Other researchers have developed this theme. Katherine Bradbury, Anthony Downs, and Kenneth Small, for example, describe a series of "self-reinforcing" processes associated with the relationship between cities and their suburbs that are likely to contribute to the further deterioration of cities.[8]

We tested this idea of a dynamic with the updated hardship indices for 1980. The evidence appears to support it. When the cities are categorized according to prevailing city hardship conditions in 1970, a distinct pattern emerges indicating substantially smaller improvements between 1970 and 1980 for those cities characterized by significant city-suburb disparity. Among the twenty-two cities characterized as high-hardships cities in 1970 (ranking in the top two quintiles of the city hardship index), nine faced significant city-suburb hardship disparity (scoring over 200 on the city-suburb hardship disparity index). For these nine cities, city hardship scores improved by 4 percent on average between 1970 and 1980. By comparison, the thirteen high-hardship cities faced with only moderate city-suburb hardship disparity in 1970 (scoring between 100 and 200 on the city-suburb disparity index) fared much better in the 1970s. For these cities, city hardship scores improved by an average of 15 percent between 1970 and 1980.

Similar results were obtained for cities in the middle quintile of the 1970 city hardship index. Among these cities, five faced significant city-suburb hardship disparity in 1970, above the 200 cutoff. The city hardship scores for these cities improved by 5 percent between 1970 and 1980. This compares to an average improvement of 22 percent for five other moderate hardship cities that faced only moderate (below the 200 cutoff) city-suburb disparity in 1970.

As a further test of the dynamic effect that city-suburb disparity may have on central city hardship, we performed a statistical analysis using ordinary least squares. In this analysis, changes in city hardship between 1970 and 1980 for all fifty-five cities were regressed on 1970 city-suburb hardship disparity, with and without a dichotomous variable for region. The results appear in Appendix 2. Briefly summarized, this analysis shows a consistent pattern wherein high city-suburb hardship disparity is positively correlated with changes in intercity hardship scores between 1970 and 1980; the greater the disparity in city-suburb hardship as of 1970, the less well a city is likely to perform in the intercity hardship index between 1970 and 1980.

A similar and somewhat surprising result was obtained for suburban areas. As in the case for cities, changes in intersuburban hardship scores between 1970 and 1980 were regressed on 1970 city-suburb hardship disparity, with and without a dichotomous variable for region. For the suburbs, a consistent and even stronger

[7] Nathan and Adams, "Understanding Central City Hardship," 58.

[8] Katherine L. Bradbury, Anthony Downs, and Kenneth A. Small, *Urban Decline and the Future of American Cities* (Washington, D.C.: The Brookings Institution, 1982), chap. 9.

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association is indicated between city-suburb hardship disparity and changes in intersuburban hardship score between 1970 and 1980.

These results suggest that city-suburb hardship disparity works not only to the long-term disadvantage of the city, but also to its surrounding suburban area. Hence, the effects of such disparity manifest themselves not as a simple zero-sum game between city and suburb, but as a more complex negative-sum game for the metropolitan area as a whole. Among the policy implications suggested by these results is the case for more aggressive state and regional interventions to redress city-suburban hardship disparity.

Poverty Impaction Perspective

The third perspective in this analysis focuses on more specific aspects of urban hardship, drawing on insights from recent studies of the urban underclass. William Julius Wilson,[9] Erol R. Ricketts and Isabel V. Sawhill,[10] Mark Hughes,[11] and others have examined the spatial dimensions to urban poverty in the inner city. John DiIulio has described underclass areas as "home to exceedingly high concentrations of predatory street criminals, people who hit, rape, rob, burglarize, and murder."[12]

As the urban poor become more concentrated in urban neighborhoods, their problems become more intractable. Wilson writes of a "social isolation" and attendant structural constraints and opportunities that are the consequence of poverty concentration—"constraints and opportunities that include the kinds of ecological niches that the residents of these neighborhoods occupy in terms of access to jobs and job networks, availability of marriageable partners, involvement in quality schools, and exposure to conventional role models."[13]

We use as a measure of social isolation, which we call poverty impaction, the proportion of a city's poor living in poor neighborhoods or what the Census Bureau calls extreme poverty areas; census tracts have 40 percent or more of their residents below poverty. Mary Jo Bane and Paul Jargowski have studied extreme poverty areas in the country's largest cities. They focus on the 40 percent census tracts because they appear "to capture those neighborhoods in which the poor are relatively isolated from their better off neighbors."

> A forty percent poverty rate in a census tract is sufficiently far above the average poverty

[9] William Julius Wilson, *The Truly Disadvantaged: the Inner City, the Underclass, and Public Policy* (Chicago: University of Chicago Press, 1987).

[10] Erol R. Ricketts and Isabel V. Sawhill, "Defining and Measuring the Underclass," presentation at the American Economic Association meetings, December 1986.

[11] Mark Alan Hughes, *Poverty in Cities* (Washington, D.C.: National League of Cities, 1989).

[12] John J. DiIulio, Jr., "Crime and the Underclass," *Public Interest*, forthcoming. Also see DiIulio and Mark Alan Hughes, "The Real Underclass," paper presented at the October 1988 meeting of the Association of Public Policy Analysis and Management in Seattle.

[13] Wilson, *The Truly Disadvantaged*, 61.

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rates in the large cities that tracts with that degree of concentration are very unlikely to have occurred by chance. In a census tract with a poverty rate above 40 percent, a large proportion of a poor person's neighbors, in many cases a majority, will also be poor.

This cutoff also seems to accord with perceptions of city residents about which areas of the city are ghettos.[14]

Table 3 shows poverty impaction rates for the thirty-nine cities in our analysis for which comparable poverty data were available in both 1970 and 1980.[15] Nearly 35 million people lived in these cities in 1970. Of this total, 5,203 thousand people (15 percent of the population) earned less than the 1969 poverty level. Approximately 787 thousand people lived in extreme poverty areas for a combined poverty impaction rate of 15.1 percent. By 1980 the population in the thirty-nine cities had declined by 6.2 percent to 32.8 million; however, the number of poor people earning less than the poverty level in 1979 grew – from 5.2 million to over 5.8 million. The number of poor people living in extreme poverty neighborhoods grew even faster – from 787 thousand to 1,450 thousand for a combined poverty impaction rate of 24.8 percent in 1980.

Poverty impaction rates are worse among poor blacks than poor whites. Whereas in 1970, 6.3 percent of the poor white population in the thirty-nine cities lived in extreme poverty neighborhoods, the corresponding figure for the poor black population was 26.1 percent. By 1980, the poverty impaction rates for both blacks and whites had gotten worse. About 9.4 percent of poor white people and 37 percent of poor black people in these thirty-nine cities lived in extreme poverty neighborhoods.

Ten of the thirty-nine cities had poverty impaction rates equal to or greater than 20 percent in 1970. By 1980, nineteen of these cities had at least 20 percent of their poverty population living in poor neighborhoods. Eight of the ten cities with poverty impaction rates over 20 percent in 1970 were in the South and two were in the North Central region. By 1980, this pattern had shifted, with eleven of the nineteen cities having poverty impaction rates over 20 percent in the Northeast and North Central regions.

It is important to keep perspective. Although concentrated crime and crack problems of the urban underclass are on the rise, the areas involved – and it is geography that counts – are relatively small in terms of their share of the total population. In 1970, 2.3 percent of the total population in the thirty-nine cities lived in extreme poverty neighborhoods; by 1980 the proportion had increased to 4.4 percent.

[14] Mary Jo Bane and Paul Jargowski, "Urban Poverty Areas: Basic Questions Concerning Prevalence, Growth and Dynamics," discussion paper prepared for the Committee on National Urban Policy, National Academy of Sciences, 29 February 1988, 9.

[15] Data for 1980 were taken from U.S. Census Bureau, *Poverty Areas in Large Cities*, subjects report, (PC80-2-8D) (Washington, D.C.: U.S. Government Printing Office, February 1985). Data for 1970 are from the Bureau's *Low-Income Areas in Large Cities*, subjects report, 2 pt. 9, vol. 2 (Washington, D.C.: U.S. Government Printing Office, June 1973).

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TABLE 3

Poverty Concentration for 1970 and 1980

City	*Percent Poor in Extreme Poverty Areas 1980*	*Percent Poor in Extreme Poverty Areas 1970*	*Change 1970–1980*	*Poor in Extreme Poverty Areas as a Percent of City's 1980 Population*
Newark	48.6	17.2	31.4	15.9
Atlanta	41.5	31.6	9.9	11.4
Cincinnati	40.4	34.5	5.9	8.0
New Orleans	38.5	46.3	−7.7	10.2
New York	34.4	11.3	23.1	6.9
Baltimore	34.1	28.0	6.1	7.8
Louisville	33.2	27.3	6.0	6.4
Tampa	33.2	29.1	4.1	6.2
Chicago	32.2	15.3	17.0	6.5
Philadelphia	30.7	15.7	15.0	6.3
Cleveland	29.4	23.2	6.3	6.5
Norfolk	28.0	41.3	−13.3	5.8
Birmingham	26.0	32.0	−5.9	5.7
Columbus	24.9	7.2	17.8	4.1
Pittsburgh	24.2	15.9	8.3	4.0
St Louis	23.6	19.5	4.1	5.1
Buffalo	20.4	2.1	18.3	4.2
Miami	20.3	10.0	10.3	5.0
Detroit	20.0	10.7	9.3	4.4
Phoenix	17.9	16.0	1.9	2.0
Dallas	15.7	20.0	−4.3	2.2
Milwaukee	15.2	8.1	7.1	2.1
Minneapolis	15.0	8.1	6.9	2.0
Toledo	15.0	9.2	5.8	2.0
Omaha	13.9	6.2	7.7	1.6
Denver	12.1	16.8	−4.7	1.7
Ft Worth	10.6	17.5	−6.9	1.5
Kansas City	10.3	6.7	3.6	1.4
Houston	10.1	9.9	0.2	1.3
Indianapolis	9.1	3.9	5.2	1.0
Rochester	8.7	1.4	7.3	1.5
Los Angeles	8.7	9.7	−1.0	1.4
Oklahoma City	7.6	17.6	−10.0	0.9
Boston	7.6	14.2	−6.6	1.5
San Francisco	5.3	3.1	2.2	0.7
Portland	5.1	4.1	0.9	0.7
Seattle	4.3	6.0	−1.7	0.5
San Diego	1.6	1.7	−0.1	0.2
San Jose	0.0	4.9	−4.9	0.0

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Among the thirty-nine cities, New York stands out for having the most poor people living in extreme poverty neighborhoods, over 479,000 people in 1980. This accounted for 33 percent of all the poor people who lived in extreme poverty areas in the thirty-nine cities under study. Newark, Atlanta, and Cincinnati are distinguished by poverty impaction rates exceeding 40 percent. In terms of changes between 1970 and 1980, eight cities registered increases of 10 percentage points or more, including two (Newark and New York) with increases exceeding 20 percentage points. Only two cities (Norfolk and Oklahoma City) had appreciable reductions in the concentration of poor people in extreme poverty areas. We found a correlation between intercity hardship and poverty impaction of +.48 (significant at the .01 level) for 1970 and a correlation of +.72 (significant at the .01 level) for 1980.[16]

In sum, among cities with comparatively greater urban hardship conditions, there is a relatively greater concentration of poverty; and the strength of this association increased substantially in the 1970s. Referring to these conditions, Isabel Sawhill notes a reinforcement effect associated with the urban underclass:

> Such growth is disturbing and raises compelling questions about the dynamics of the process. It may be that some inner-city areas become so devoid of stable families, well-functioning schools, and employed adults that they make "escape" into the middle class extremely difficult and thereby become breeding grounds for another generation of poor people with little hope of becoming part of the mainstream.[17]

Central Business District Perspective

The fourth perspective in this analysis focuses on the economic condition of cities. Earlier work involving a composite measure of economic indicators suggested that in the latter part of the 1970s urban economic conditions grew more disparate.[18] We concentrate on a particular part of the city, the central business district. The analysis draws on Census of Business data reported for the quinquennial census in 1972, 1977, and 1982.

Several cities in this study have made notable and highly visible progress in the 1970s in promoting CBD retail activity. Faneuil Hall Marketplace in Boston and the Gallery at Market East in Philadelphia opened in the latter part of the decade and have become symbols of urban revitalization. One author, who is a developer, described the return of retailing downtown as "the essential glue of the city, the

[16] It should be noted that while poverty impaction and poverty rates (as reflected in the hardship index) share common elements, they are not synonymous. That is, a relatively high rate of poverty in a city does not necessarily mean that the poverty population is highly concentrated in particular neighborhoods in the city.

[17] Isabel Sawhill, "What About America's Underclass," *Challenge* 31 (May/June 1988): 29.

[18] James W. Fossett and Richard P. Nathan, "The Prospects for Urban Revival" in Roy Bahl, ed., *Urban Government and Finance: Emerging Trends*, vol. 20, Urban Affairs Annual Review (Beverly Hills, Calif.: Sage Publications, 1981), 84.

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fuel that will truly fire the renaissance that is so surely on the way. . . . "[19] Others are more skeptical about the role of large-scale economic development initiatives as catalysts for urban revitalization. Anthony Downs points to "the conservative belief that more vigorous private economic growth can solve city problems," and goes on to reject the proposition that from such growth, "benefits will 'trickle down' to those people who are presently destitute or unemployed. . . ."[20]

From our analysis there would appear to be some association between growth in retail sales activity in CBDs and changes in intercity hardship conditions. Taking a measure of the overall strength of association between CBD growth and changes in hardship scores, a correlation of −.27 (significant at the .05 level) was obtained.[21] While not a very strong association, the evidence seems to argue that CBD retail sales growth cannot be dismissed as an unimportant influence on comparative hardship conditions. Such developments appear to have some bearing on the socioeconomic trends that underlie a city's comparative hardship standing. Initiatives to revitalize CBD retail activity would seem to have some impact at the margin, perhaps encouraging in-migration or reducing out-migration of middle- and upper-income segments of the population.

For the disadvantaged within these cities, however, the benefits are less obvious. In the case of Boston, a city that improved its hardship standing between 1970 and 1980 and also registered relatively high CBD retail sales growth, the divisions between a booming downtown and stagnant or decaying neighborhoods have been acknowledged by the mayor and others.[22]

And in Philadelphia, despite impressive retail development initiatives during the 1970s, the city still lost ground in its comparative hardship standing. The city registered relatively strong CBD retail sales growth between 1972 and 1982 (13th highest among the fifty-three cities for which data were available), but reportedly lost 172,000 jobs previously held by high school dropouts and gained 39,000 for college graduates over the period from 1970 to 1984.[23] For the disadvantaged residents of Philadelphia, economic initiatives tied to retail sales and other sectors of the city's economy appear to have had little benefit and may have hurt.

[19] Mathias J. DeVito, "Retailing Plays the Key Role in Downtown Renaissance," *Journal of Housing* 37 (April 1980): 198.

[20] Anthony Downs, "The Future of Industrialized Cities" in Paul E. Peterson, ed., *The New Urban Reality* (Washington, D.C.: Brookings Institution, 1985), 284.

[21] Data on CBD retail sales growth between 1972 and 1982 were available for only 53 of the 55 cities in this study. The source of this information was the U.S. Census Bureau, *Census of Retail Trade,* (Washington, D.C.: U.S. Government Printing Office, various years).

[22] Matthew L. Wald, "Mayor Assesses Boston: Progress and Problems," *New York Times,* 12 January 1987.

[23] John D. Kasarda, "Contemporary U. S. Migration and Urban Demographic-Job Opportunity Mismatches" in *Internal Migration—Population Changes in the United States to the 21st Century,* hearings before the Joint Economic Committee of the U.S. Congress, Subcommittee on Economic Resources, Competitiveness, and Security Economics, second sess., 18 September 1986 (Washington, D.C.: U.S. Government Printing Office, 1987) 80, table 7.

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Combining the Four Lenses

Having examined cities from the four perspectives, we need now to combine these lenses. Table 4 shows the fifty-five cities ranked on the basis of 1980 hardship ratings. The cities are grouped by quintiles ranging from highest hardship (quintile 1) to the lowest hardship group (quintile 5). For each city, rankings are shown in the table for the four perspectives viewed in this analysis. A ranking of 1 indicates the city scored in the least favorable quintile, while a ranking of 5 denotes a score in the most favorable quintile. Again, these characterizations reflect relative, not absolute measures.

Looking first at the cities in the highest hardship category, overall indications for future developments are generally negative. The majority of these cities place in the bottom two quintiles of the first two indicators, the city hardship measure and the city-suburb disparity measure. Only in the case of St. Louis is there a positive indication of future improvement reflected in the substantial gains the city made in comparative hardship conditions between 1970 and 1980. It should be noted, however, that the city entered the 1980s with extremely high city-suburb hardship disparity and a relatively high level of poverty concentration.

The indications from the 1980 poverty concentration and central business district figures are more mixed. Four of the highest hardship cities are in the bottom two quintiles (high poverty concentration); one, Jersey City, is in the top quintile (low poverty concentration). Similarly, six of these cities compare unfavorably and are in the bottom two quintiles for CBD growth; while three (Hartford, Miami, and Cleveland) are in the top two quintiles. While the question remains about how such gains in retail sales activity translate into overall improvements in comparative hardship conditions, cities have been trying to capitalize on the effects of economic development successes. Hartford, for example, which registered strong CBD retail sales growth between 1977 and 1982, has placed demands such as "linkage fees" on downtown developers to compensate for what are perceived to be the economic dislocations caused by downtown growth. As one Hartford official reportedly observed, "Unless we create some visible bridge to close the vast gulf between the downtown world and the rest of the city, then downtown and what it needs will be treated as the enemy."[24]

Turning to the cities in the relatively high hardship group, the indicators again are not very favorable. The majority of the cities ranked in the bottom quintiles for hardship improvement between 1970 and 1980, city-suburb disparity, and poverty concentration as of 1980. An exception is New Orleans, which made a substantial improvement in comparative hardship conditions between 1970 and 1980. New Orleans also places in the middle range for city-suburb disparity in 1980 and CBD retail growth between 1977 and 1982. The city does, however, have one of the highest concentrations of poor people living in poor neighborhoods.

[24] Peter Waldman, "Cities Are Pressured to Make Developers Share Their Wealth," *Wall Street Journal*, 10 April 1987.

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TABLE 4

Summary of City Hardship Conditions and Indicators of Future Developments

Cities	Hardship Index 1980	Indicators of Future Developments*			
		Change in Intercity Hardship 1970–1980	City-Suburb Disparity 1980	Poverty Concentration 1980	CBD Growth 1977–1982
Highest Hardship					
Newark	86.1	1	1	1	3
Gary	66.7	2	1	3	1
Detroit	65.1	1	1	3	2
Hartford	63.0	1	1	na	4
Jersey City	62.9	1	3	5	2
Miami	61.7	1	3	3	5
St Louis	60.1	5	1	2	2
Cleveland	55.9	2	1	2	5
Baltimore	55.6	3	1	1	4
Buffalo	54.4	2	2	3	2
Youngstown	53.8	3	2	na	1
Relatively High Hardship					
Birmingham	51.4	3	3	2	2
Providence	50.7	2	3	4	na
Chicago	50.3	1	1	1	4
New Orleans	49.3	5	3	1	3
Philadelphia	49.1	1	2	2	4
New York	48.5	1	1	1	5
Dayton	47.8	1	1	1	4
Springfield	47.3	2	2	2	4
Louisville	46.9	3	3	1	2
Atlanta	46.3	2	1	1	2
Cincinnati	44.5	3	3	1	3
Middle Group					
Rochester	44.0	2	2	4	3
Toledo	40.3	1	4	3	1
Arkon	40.2	2	2	4	1
Grand Rapids	38.6	4	3	4	1
Tampa	38.0	4	5	1	1
Syracuse	37.2	2	4	2	2
Milwaukee	35.5	3	2	3	3
Norfolk	35.4	3	5	2	3
Boston	34.8	4	2	5	5
Los Angeles	34.7	2	5	4	4
Richmond	33.5	4	2	2	3
Relatively Low Hardship					
Allentown	33.4	1	4	na	2
Sacramento	33.2	5	3	5	5
Pittsburgh	33.0	5	4	2	3

continued

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TABLE 4 (*continued*)

Cities	Hardship Index 1980	Indicators of Future Developments*			
		Change in Intercity Hardship 1970–1980	City-Suburb Disparity 1980	Poverty Concentration 1980	CBD Growth 1977–1982
Ft Worth	31.7	4	2	4	5
Indianapolis	30.5	3	4	4	1
Kansas City	28.2	4	3	4	3
Salt Lake City	26.8	3	5	5	na
Phoenix	25.7	5	5	3	5
Columbus	24.2	4	4	2	1
Omaha	23.8	4	4	3	1
San Jose	21.9	5	2	5	2
Lowest Hardship					
Portland	21.6	5	4	5	5
Dallas	20.6	4	4	3	3
Greensboro	20.0	3	5	5	2
Houston	19.8	5	5	4	3
Oklahoma City	19.0	5	5	5	5
San Francisco	18.2	3	4	5	4
Ft Lauderdale	17.8	2	5	1	1
San Diego	17.7	5	5	5	5
Denver	17.1	4	3	4	4
Minneapolis	16.3	4	4	3	4
Seattle	7.5	5	5	5	4

* Numbers indicate quintile groupings for each indicator, with 1 denoting the least favorably situated quintile in each case (least improvement in intercity hardship between 1970 and 1980, greatest city-suburb hardship disparity, highest poverty concentration, slowest CBD retail sales growth), and 5 denotes the most favorably situated quintile in each case.

Among the other cities in the relatively high hardship group, Birmingham, Louisville, and Cincinnati place in the middle quintile of improved hardship conditions between 1970 and 1980. Each of these cities is also characterized by moderate levels of city-suburb hardship disparity as of 1980. For Birmingham, these somewhat more favorable indications may reflect the city's aggressive annexation policies. Between 1970 and 1980, Birmingham's land area increased over 20 percent, from 79.5 to 98.5 square miles. More recently, the city moved to expand its boundaries by one-third through annexation; over the next twenty-five years, plans call for a doubling of its land area.[25]

More typical of the relatively high hardship cities, Chicago and Atlanta ranked poorly in terms of improvement in comparative hardship conditions between 1970 and 1980, and both entered the 1980s with high levels of city-suburb disparity and

[25] William E. Schmitz, "Growing Birmingham Irks Neighbors," *New York Times*, 10 October 1986.

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high levels of poverty concentration. For Chicago, retail sales in the CBD increased by 17 percent between 1977 and 1982, but this success downtown appears to have had little effect elsewhere in the city. According to one recent report, "[C]onstruction in downtown Chicago—the Loop, State Street and Michigan Avenue—lulled city fathers into a false sense of economic security." And, a local developer observed that, "Life is wonderful along the Lakeshore . . . but the city is rotting."[26]

In Atlanta, nearly all the recently reported growth in the metropolitan area is occurring outside the city's boundaries. The city lacks legal authority to annex, and considerations of a city-county consolidation as a partial strategy for sharing the prosperity are reportedly hung up on suburban opposition and concerns within city hall about vested interests.[27] Atlanta's poverty concentration ratio for 1980 is among the highest of the fifty-five cities in the study. And with regional prosperity, the problem is reportedly getting worse. There is concern about the increasing geographical isolation of the area's affluent (both black and white) and the poor, mostly black residents of the city. Of those city residents who are benefitting from the area's growth, many are reportedly moving to the suburbs, a process that one top official describes as "extremely destructive."[28]

For the cities in the middle group, indicators of future hardship developments are mixed. Moderate to strong improvements in comparative hardship occurred in six of the cities between 1970 and 1980; five were well positioned in terms of city-suburb disparity; and only four of these cities were characterized by relatively high levels of poverty concentration as of 1980. Toledo stands out as placing in the bottom quintile of hardship improvement, slipping twelve places in its comparative hardship standings between 1970 and 1980. More favorable circumstances are indicated, however, in the city's poverty concentration as of 1980 and in city-suburb disparity.

Turning to the cities with relatively low hardship ratings, except for Allentown, all cities evidenced favorable development in comparative hardship conditions between 1970 and 1980. Only two of these cities (Fort Worth and San Jose) evidence weakness in 1980 city-suburb disparity; two cities (Columbus and Pittsburgh) evidence relative weakness in 1980 poverty concentration.

Among these cities, Phoenix stands out as ranking in the most favorable quintile in three of the four indicators. Factors contributing to these favorable circumstances include regional location and an aggressive annexation strategy. Between 1970 and 1980, the city's land area increased by 31 percent, from 247.9 to 324.0 square miles. Indianapolis is also in the group of cities with relatively low hardship ratings, with moderate to comparatively favorable rankings in the first three indicators. While regional location would not seem to be an advantage for this

[26] John Helyar and Robert Johnson, "Chicago's Busy Center Masks Loss of Jobs In Its Outlying Areas," *Wall Street Journal*, 16 April 1986.

[27] John Helyar, "The Fragmentation of Greater Atlanta Raises Vital Questions About Its Future," *Wall Street Journal*, 29 February 1988.

[28] Ronald Smothers, "Atlanta Still on a Roll: But New Doubts Arise," *New York Times*, 14 July 1988.

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city, its generally favorable prospects may in part reflect the move to a city-county consolidation at the start of the 1970s.

For the cities in the lowest ratings on the city hardship index, indications for the future appear favorable. The only city evidencing unfavorable developments in comparative hardship conditions between 1970 and 1980 is Fort Lauderdale, which also places among the worst cities in terms of 1980 poverty concentration. All of the cities in this group are well positioned in terms of city-suburb disparity, and all but two (Greensboro and Fort Lauderdale) show moderate to comparatively strong CBD retail sales growth between 1977 and 1982. Indications based on poverty concentration are also generally favorable, with eight of these cities in the top two quintiles (lowest to relatively low concentration).

Looking over the five categories, indications for future hardship developments are clearly more favorable for the cities in the lowest and relatively-low hardship categories. In terms of changes in comparative hardship between 1970 and 1980 and city-suburb disparity as of 1980, the majority of the cities ranking most favorably are located in these two categories. And, in terms of poverty concentration as of 1980, the majority of the most favorably positioned cities are in the lowest and relatively low categories.

The conclusion to be drawn about future hardship disparities among the largest central cities in the United States is not an optimistic one. The gap between the highest and lowest hardship cities increased significantly between 1970 and 1980, and from these indications, a similar pattern can be expected when the results for the 1980–1990 period are analyzed.

Update for the 1980s

Most of the measures used in the four perspectives viewed in this article are derived from the decennial census. An update of city-suburban disparity, urban hardship, and poverty impaction rates by city will not be available until the Census Bureau publishes results from the 1990 census. Nevertheless, available statistical data indicate that the trends identified in this article of significant and increasing disparities in hardship conditions among the nation's large central cities have continued into the 1980s. Cities identified as worst off in terms of our 1980 city hardship measures (quintile 1 shown in Table 5) had the largest percentage loss in population between 1980–1986. Quintile 1 cities also had the highest unemployment rate in 1986 and the lowest per capita income in 1985. Six of the cities in the highest hardship group lost more than 5 percent of their population between 1980–1986. Gary and Youngstown stand out for having the largest percentage loss in population, 10.0 and 9.4 percent reductions respectively during this period. Only two cities in quintile 1 had an increase in population in the 1980s—Miami (7.9 percent growth) and Hartford (1.2 percent).

Quintile 5 cities, which had the lowest intercity hardship scores in 1980, had the largest percentage increase on average in population between 1980–1986 (6.3

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TABLE 5

Updated Measures of Urban Conditions

Cities Ranked by 1980 Intercity Hardship Index	*Percent Population Change 1980–1986*	*1986 Unemployment Rate*	*1985 per Capita Income*
Quintile 1 (highest hardship)	−4.71	10.7%	$8,299
Quintile 2	−1.91	8.0%	$9,416
Quintile 3	−0.40	7.4%	$10,172
Quintile 4	5.18	6.7%	$10,971
Quintile 5	6.28	6.5%	$12,461

Source: U.S. Bureau of the Census, *County and City Data Book, 1988* (Washington, D.C.: U.S. Government Printing Office, 1988).

percent). These cities also had the highest average per capita income in 1985 and lowest average unemployment rate in 1986 compared to the other groups of cities.

Behind these averages are some further distressing signs for better-off cities too. Several of the cities in the lowest hardship quintile came under increasing economic pressure in the 1980s. Seven of the eleven cities in the lowest-hardship group had an increase in unemployment between 1980–1986. Houston, for reasons that are apparent, stands out with the largest percentage-point increase in unemployment compared to all the cities in this study. Between 1980 and 1986, petroleum prices and demand declined; Houston's unemployment rate more than doubled from 4.5 percent in 1980 to 10.9 percent in 1986. Oklahoma City also has experienced higher unemployment in the 1980s.

As a group, the cities with the lowest hardship conditions based on 1980 measures also declined in real per capita income between 1979 and 1985. Four cities accounted for this. Portland had a 10.5 percent decline in real per capita income; in Houston and Seattle, per capita income declined in real terms by 7.3 percent and 6.1 percent respectively. Oklahoma City had a reduction of 2.8 percent.

On the whole, however, most of the cities in the low-hardship quintiles (4 and 5) show signs of continued vitality into the 1980s. For example, Omaha, a quintile 4 city, had an 11.2 percent increase in population between 1980–1986 and a 12.7 percent increase in real per capita income between 1979 and 1985. Phoenix, Sacramento, San Jose, San Diego, San Francisco, Kansas City, and Greensboro—all cities in either quintile 4 or 5—also showed signs of continued vitality and improvement in the 1980s.

We are unable to update the 1980 index measuring the concentration of poor people in extreme poverty areas (census tracts having 40 percent or more of their population below poverty). The Census Bureau's Current Population Survey (CPS) estimates the number of families below poverty living in census tracts having poverty rates of 20 percent or more, which they call "poverty areas." These estimates show a large increase in the concentration of poor families in poverty areas for

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TABLE 6

Poverty Area Residence, 1980 and 1986

	No. of Households in Thousands		*Percent Poor in Poverty Areas (census tracts with 20% or more below poverty)*	
	1980	*1986*	*1980*	*1986*
Central city households below the poverty level	2,214	2,840		
Central city households below poverty level and living in poverty areas	884	1,614	39.9	56.8
White central city households below the poverty level	1,109	1,528		
White central city households below the povery level & living in poverty areas	271	661	24.4	43.3
Black central city households below the poverty level	1,042	1,190		
Black central city households below the poverty level & living in poverty areas	601	898	57.7	75.5

Source: Figures for 1980 are from the U.S. Bureau of the Census, Current Population Reports, series P-60, no. 133, *Characteristics of Population Below the Poverty Level: 1980* (Washington, D.C.: U.S. Government Printing Office, 1982), Table 20, "Poverty Area Residence—Poverty Status in 1980 of Families, by Selected Characteristics." Figures for 1986 are also from the Census P-60 series, no. 160, *Poverty in the United States: 1986* (Washington, D.C.: U.S. Government Printing Office, 1988), Table 16.

the period between 1980–1986 (see Table 6).[29] The Bureau estimates that 2,214 thousand families in America's central cities lived below the poverty level in 1980.[30] Of this total, 884 thousand households lived in poverty area neighborhoods having 20 percent or more people below poverty, for a rate of 39.9 percent. By 1986, these Census estimates show an estimated 2,840 thousand central-city families below the poverty level. Of these, 1,614 thousand families were in 20 percent poverty areas for a rate of 56.8 percent.[31] For both white and black families, the estimated number

[29] These published data for 1986 are limited; nonetheless they are a useful updated indicator of this analysis. In their research on urban poverty concentration, Bane and Jangowsky discuss the limitations of these CPS estimates and of the 20 percent cutoff as a definition of concentrated poverty areas. See Bane and Jangowski, "Urban Poverty Areas," 4–5.

[30] This figure and the other poverty area data for 1980 are cited from the U.S. Bureau of Census, Current Population Reports, series P-60, no. 133, *Characteristics of Population Below the Poverty Level: 1980* (Washington, D.C.: U.S. Government Printing Office, 1982). See table 20, *Poverty Area Residence—Poverty Status in 1980 of Families, by Selected Characteristics.*

[31] Poverty impaction rates for 1986 are based on estimates from the U.S. Bureau of Census, Current Population Reports, series P-60, no. 160, *Poverty in the United States: 1986* (Washington, D.C.: U.S. Government Printing Office, 1988). See table 16, *Poverty Area Residence—Poverty Status in 1986 of Families, by Selected Characteristics.*

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and percentage of poor people living in poor neighborhoods has increased considerably from 1980 to 1986. (See Table 6). Estimates for 1980 indicated that 24.4 percent of poor white households lived in poor neighborhoods compared to 43.3 percent in 1986, nearly a doubling in the concentration rate. In 1980, an estimated 57.7 percent of the poor black households in central cities lived in 20 percent poverty areas. By 1986, the Bureau estimated that 75.5 percent lived in these neighborhoods.

Cities are complex places. Of necessity, students of urban conditions must be selective. Our interest in this article is in the character and degree of urban hardship in large American cities using four perspectives in a combined analysis. As we see it, the United States does not have a national urban crisis; however, some cities—especially older, declining, large cities with high-crime distressed inner areas—have urban crisis conditions. These conditions deteriorated in the 1970s and show signs of further deterioration in the 1980s.

Appendix 1

As in our earlier study, the hardship indices in Tables 1 and 2 were constructed using the following formula applied to each of the hardship indicators:

$$X = ((Y - Y_{min})/(Y_{max} - Y_{min}))100$$

where: X = standardized hardship value for each city to be computed.
Y = unstandardized hardship value for each city (that is, unemployment rate for each city in the case of Table 2, or the ratio of city-to-suburb unemployment rates for each city in the case of Table 1).
Y_{min} = the minimum value for Y across all 55 cities.
Y_{max} = the maximum value for Y across all 55 cities.

From this formula, standardized values are created indicating where each city lies on the continuum ranging from the worst to the best city among the fifty-five. Accordingly, the ratio for each indicator and the average across the six indicators will range from a value of 0 (the city with the lowest hardship rating) to 100 (the city with the highest hardship score).

In order to achieve a consistent interpretation across the six indicators, it was necessary to reverse the order of the transformation in the case of the income variable, subtracting Y_{max} from Y_{min} in the denominator. In this way, the ratio for income again ranges from 0 to 100, with 0 for the city with the lowest hardship rating, and 100 for the city with the highest hardship rating.[32]

In computing the composite city-suburb hardship scores in Table 1, a further adjustment was made in order to distinguish those cities comparing favorably from

[32] This is a different treatment of the income term than in our earlier study where the reciprocal of income or of the ratio of city-to-suburb income was used. While both approaches yield best- and worst-case values of 0 and 100, respectively, use of the reciprocal has a skewing effect on the overall distribution.

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those comparing unfavorably to their adjoining suburbs. Specifically, a composite index score was computed for a hypothetical city that was identical to its suburbs along each of the six indicators. This value was then divided into the composite hardship scores for each of the fifty-five cities. With this adjustment, cities with scores below 100 compare favorably to their adjoining suburbs in overall hardship conditions, and those with scores above 100 compare unfavorably.

In computing the intercity hardship scores in Table 2, the per capita income and poverty measures were adjusted for regional cost-of-living differences. Specifically, the income variable for each city was divided by the Bureau of Labor Statistics' (BLS) index of annual budgets at the "intermediate level" of living for a four-person urban family. For the poverty variable, the percent of families below 125 percent of the poverty level was multiplied by the BLS budget index for the "lower level" of living for a four-person urban family.

The cost-of-living adjustments for 1970 and 1980 were based on BLS indexes reported for spring 1970 and autumn 1979, respectively. For 1970, BLS budget indexes were reported for 25 of the 55 cities in the study. For the remaining 30 cities, budget index estimates were based on proximity to cities included in the BLS compilation. For 1980, BLS budget indexes were reported for 22 of the 55 cities.

Data Sources. For 1970, all data on the six hardship indicators were taken or derived from the Bureau of the Census, *County and City Data Book, 1972*, Tables 3 and 6.

For 1980, data on the six hardship indicators were derived from the following sources:

Unemployment rate, per capita income, and dependency population statistics were taken or derived from the Bureau of the Census, *State and Metropolitan Area Data Book, 1982*, tables A and B. For the four New England SMSAs (Boston, Hartford, Springfield, and Providence), unemployment rate, and per capita income statistics were taken or derived from the Bureau of the Census, *1980 Census of Population*, vol. 1, chap. C, "General Social and Economic Characteristics," Tables 120 and 124.

Education and family poverty statistics were taken or derived from the Bureau of the Census, *1980 Census of Population*, vol. 1, chap. C, "General Social and Economic Characteristics," Tables 119 and 125. For Dallas and Ft. Worth SMSAs (constructed on the basis of 1970 county areas), Tables 175 and 181.

Crowded housing statistics were taken or derived from the Bureau of the Census, *1980 Census of Housing*, vol. 1, "Characteristics of Housing Units, General Housing Characteristics," Table 1.

Cost of living adjustment statistics for 1970 were taken from the BLS, *3 Budgets for an Urban Family of Four Persons 1969–70; Supplement to Bulletin 1570–5*, 1972, Tables A-4, A-5. Statistics for 1980 were taken from the BLS, *Handbook of Labor Statistics*, December 1980, Tables 153, 154.

Adjustments for suburban-area boundary changes between 1970 and 1980 were based on SMSA boundary information taken from the Bureau of the Census,

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County and City Data Book, 1972, Appendix D, "Area Components of Standard Metropolitan Statistical Areas."

APPENDIX 2

In this appendix, changes in city hardship between 1970 and 1980 for all 55 cities were regressed on 1970 city-hardship disparity, with and without a dichotomous variable for region. The results are shown in the table to the appendix. In columns 1 and 2, a positive association is indicated between changes in city hardship values and city-suburb disparity in 1970. In column 2, a regional code variable for cities in the South and West is added, yielding a negative and significant coefficient.

Given the general trend toward greater economic growth in the South and West, hardship conditions would be expected to be lower, on average, for cities in these regions. At the same time, the introduction of this regional code variable causes the coefficient for city-suburb disparity to decline in both magnitude and statistical significance. This may reflect the relatively high correlation between region and city-suburb disparity, making it difficult to separate the independent effects of the two factors. This ambiguity notwithstanding, these results provide statistical evidence of a positive association between city-suburb disparity and subsequent changes in city hardship, lending support to the idea of a dynamic process underlying comparative central city hardship conditions.[33]

There is, however, reason to suspect a limit to any such dynamic underlying central city hardship. Significant city-suburb hardship disparity appears to work not only to the disadvantage of the city, but also to the long-term disadvantage of its surrounding suburban area. Taken together, these developments will have a mitigating effect on city-suburb hardship disparity, and, in turn, on the dynamic underlying central city hardship.

The basis to this interpretation is provided in columns 3 and 4 in the table. Using the same format as described above, these equations analyze the behavior of comparative hardship conditions for the suburban areas represented in the analysis.[34] Of particular interest is the positive and significant coefficient for the 1970 city-suburb hardship disparity term in each column.

[33] It might also be argued that higher intercity hardship values in 1970 predispose a city to fare relatively less well between 1970 and 1980. In turn, given the high correlation between intercity and city-suburb hardship in 1970, the city-suburb term in equations 1 and 2 may simply be a reflection of this predisposition. However, when 1970 intercity hardship values were added to each equation, no statistically significant association was evidenced, and the coefficients on the 1970 city-suburb disparity term were essentially unchanged from those reported in the table.

[34] The estimates for suburbs are derived from intersuburb hardship indexes computed for 1970 and 1980, with the latter index based on 1970 SMSA boundaries. Because adjustments for boundary changes could not be made easily for the four New England SMSAs, they were not not included in this analysis. For a more detailed analysis of suburban hardship conditions, see Charles F. Adams, Jr. and James E. Storbeck, "Descriptive Frameworks for Assessing Metropolitan Growth and Change," Proceedings of the Eighteenth Annual Modeling and Simulation Conference, University of Pittsburgh, April 1987.

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Several interpretations can be given to this result. To some extent it may simply reflect a spilling-over of worsening city hardship conditions to adjoining suburbs. Such an interpretation would seem especially plausible in metropolitan areas where the central city represents a relatively small share of the total SMSA area and population.[35]

This result also could reflect the limiting influence of market adjustments to city-suburb hardship disparities. To the extent that these disparities trigger migration from city to suburb, suburban housing markets would be expected to tighten and would also become more expensive. Traffic congestion and commuting downtown would also become more difficult. At the same time, city land values would be expected to adjust downward in response to out-migration and to any onerous tax burden differentials resulting from significant differences in the social and economic characteristics of city and suburban resident populations. Combined, these market forces would be expected to reinforce one another and to limit and possibly reverse the effects of city-suburban hardship disparities on intrametropolitan migration flows and development patterns.

A third interpretation would argue for a more interactive process, with a relatively weak city undermining the vitality of the metropolitan area as a whole. Without strong leadership from the central city, the metropolitan area may be more divided and less effective in attracting new industry and wealth into the area. In this interpretation, the consequences of disparity do not manifest themselves as a simple zero-sum game, with better-off suburbs gaining at the expense of the more disadvantaged city. The dynamic is not simply one of moving along a boundary describing city and suburban prosperity as suggested in our earlier hypothesis, but the boundary itself may shift in response to disparity conditions. In effect, as the city goes, so goes the suburb.

This latter interpretation would argue for more attention to fundamental questions about the unique role of the city in influencing the course of metropolitan-wide social and economic prosperity. It would also argue for more aggressive interventions through regional and state-sponsored programs to redress city-suburb hardship disparities.*

[35] Including a variable constructed as the ratio of city to total SMSA population in 1970 yields a negative and statistically significant coefficient in equations 3 and 4. However, the coefficients for the other terms in each equation are not substantially affected by this enhanced specification. Hence, city-suburb hardship disparity does not appear to be operating simply as a proxy for variations in city-suburb population shares.

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TABLE FOR APPENDIX 2

Ordinary Least Squares Estimates of City-Suburb Disparity Effects on Comparative City and Suburban Hardship.

	Intercity Hardship[a]		*Intersuburb Hardship*[b]	
	(1)	*(2)*	*(3)*	*(4)*
Intercept	−14.3845	−8.6465	−15.7580	−10.1389
	(6.27)	(3.17)	(5.47)	(2.81)
City-Suburb Disparity, 1970	0.0425	0.0223	0.0801	0.0607
	(2.99)	(1.55)	(4.41)	(3.18)
Region (South and West)	–	−5.9935	–	−5.6965
		(3.31)		(2.41)
R^2	0.14	0.29	0.28	0.36

[a] Dependent variable: Change in Intercity Hardship Score, 1970 to 1980.

[b] Dependent variable: Change in Intersuburb Hardship Score, 1970 to 1980.

t statistic in parentheses.

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Woodrow Wilson, Progressive Reform, and Public Administration

LARRY WALKER

It is fast becoming fashionable today to bad-mouth the contributions of scholar-president Woodrow Wilson to American public administration. To be sure, everyone acknowledges that his 1887 essay, "The Study of Administration," published in *Political Science Quarterly*, was a significant starting point of some kind.[1] For example, Leonard D. White, the preeminent public-administration scholar of the pre-World War II era, wrote that "the study of administration . . . dates from the brilliant essay by Woodrow Wilson."[2] Dwight Waldo, arguably the most important public-administration scholar of the pre-World War II era, has referred to Wilson's essay as "*the* most important document in the development of the field."[3] As Robert T. Golembiewski has put it, "Virtually everyone agrees that Woodrow Wilson's 'The Study of Administration' constitutes the birth certificate of the modern study of public administration."[4]

One could offer a long list of such accolades. Nevertheless, Wilson's standing

[1] Woodrow Wilson, "The Study of Administration," *Political Science Quarterly* 2 (June 1887): 197–222, reprinted in 56 (December 1941): 481–506.

[2] Leonard D. White, *Introduction to the Study of Public Administration*, rev. ed. (New York: Macmillan, 1939), 10.

[3] Dwight Waldo, *The Enterprise of Public Administration: A Summary View* (Novato, Calif.: Chandler & Sharp, 1980), 67. (Emphasis in the original.)

[4] Robert T. Golembiewski, "Ways in Which 'The Study of Administration' Confounds the Study of Administration" in J. Rabin and J. S. Bowman, eds., *Politics and Administration: Woodrow Wilson and American Public Administration* (New York: Marcel Dekker, 1984), 235–247, at 235.

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is shaky today. For one thing, the accolades are not so full of praise as they first appear; some of the accolade-givers have hedged their praise through careful wording.[5] A second less-than-praiseful approach is to recognize "The Study of Administration" as the first publication of its kind but to deny that it has had any influence on subsequent developments. Paul Van Riper is the most forceful exponent of this approach.[6] Third and last, some commentators recognize Wilson as having a significant causal influence on twentieth-century development, only to condemn the effects and, therefore, the cause. Of these, the most outspoken is public-choice exponent Vincent Ostrom, who has argued that "the Wilsonian theory of administration was no less than a counter-revolutionary doctrine," that is, one that nullified the democratic gains of the American revolution.[7]

In sum, modern-day public administrationists (that is, the *academic* public administration people)—not to mention the public administrators who obtain their opinions on such matters from the scholars—are in a state of confusion and disagreement concerning Woodrow Wilson's role in the history of public administration. We modern-day practitioners and scholars should know about our roots; or else we cannot understand where we are today and where we should be. Furthermore, in an age of few heroes, we need especially to know about those in our collective past who are worthy of honor. To contribute to these ends, I offer this assessment of Woodrow Wilson: *There is a great deal to admire about Wilson and there are ample grounds on which to credit him with formative influence in the founding and shaping of modern public administration.*

In arriving at this opinion, I have differed from many other commentators: I have not focused on the politics-administration dichotomy. A focus on the famous dichotomy is typical of most twentieth-century attention to Woodrow Wilson. For example, a recent volume of original essays written in honor of the centennial of "The Study of Administration" is entitled—what else?—*Politics and Administration.*[8] Attention to the dichotomy is understandable, given its importance both to public administrators (as underpinning of their claims to autonomy from elected officials) and to public administrationists (as underpinning of their claims to autonomy from political science). The fact of the matter, however, is that Wilson

[5] Lynton K. Caldwell, "Public Administration and the Universities: A Half-Century of Development," *Public Administration Review* 25 (Winter 1965): 52–60, at 53; James D. Carroll and Alfred M. Zuck, "'The Study of Administration' Revisited," a Report on the Centennial Agendas Project of the American Society of Public Administration (Washington, D.C.: ASPA, 1983), 3.

[6] Paul P. Van Riper, "The American Administrative State: Wilson and the Founders—An Unorthodox View," *Public Administration Review* 43 (November/December 1983): 477–490; and Van Riper, "The Politics-Administration Dichotomy: Concept or Reality?" in Rabin and Bowman, eds., *Politics and Administration,* 203–218. Also see Dwight Waldo, *The Administrative State: A Study of the Political Theory of American Public Administration* (New York: Ronald 1948), 26n.

[7] Vincent Ostrom, *The Intellectual Crisis in American Public Administration*, rev. ed. (University: University of Alabama Press, 1974), 133. Also see Golembiewski, "Ways in Which"; and Ronald Seidelman with the assistance of Edward J. Harpham, *Disenchanted Realists: Political Science and the American Crisis, 1884–1984* (Albany, N.Y.: SUNY Press, 1985).

[8] Rabin and Bowman, eds., *Politics and Administration.*

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never sought to erect a strong wall between politics and administration. Even in the "Study," he acknowledged that administration must be subjected to the public will, as expressed through the elected officials; in his broader efforts on administration—in books, lectures, and public speeches—he showed clearly that he recognized the ultimately subordinate role of administration within democratic government.

In his lectures and writings after 1887, Wilson backtracked considerably from the stronger dichotomistic expressions in the 1887 essay, as Robert T. Miewald has noted.[9] In his earlier *Congressional Government* (1885), Wilson already had admired the parliamentary system, with its close relationship between the legislative and the executive branches, and had deplored the "unnatural divorcement of legislation and administration."[10] In later years, he stressed in his lectures the policy-making (hence, political) role of the administrator, not a clear, sharp separation of politics and administration. This development in Wilson's later thought has been neatly detailed by Miewald and, therefore, need not be repeated here; but we may note Miewald's conclusion—"it is clear that he [Wilson] was favorably disposed toward what would now be called 'participatory administration'."[11] Other writers, too, have recognized that Wilson was not guilty of making the sharp differentiation between politics and administration (or, as Frederick C. Mosher has better put it, "policy-politics and adminstration"), which has been attributed to him by critics.[12] Among these other writers are Phillip Cooper, Vinton Fisher, and Dwight Waldo.[13]

In short, I do not intend to assess Wilson in terms of the politics-administration dichotomy. Having escaped the confine of that narrow focus, we shall see that both as Progressive President and as reform-minded scholar, Wilson influenced the future of American public administration in large and good ways.

Wilson's Influence as Progressive President

The Progressive Era

I turn first to an examination of Wilson's influence as President of the United

[9] Robert D. Miewald, "The Origins of Wilson's Thoughts: The German Tradition and the Organic State," in Rabin & Bowman, eds, *Politics and Administration*, 17–30.

[10] Woodrow Wilson, *Congressional Government: A Study in Congressional Politics* (Boston: Houghton-Mifflin, 1885), 214.

[11] Miewald, "Origins of Wilson's Thoughts," 26.

[12] Frederick C. Mosher, *Democracy and the Public Service* (New York: Oxford University Press, 1968), 4.

[13] Phillip J. Cooper, "The Wilsonian Dichotomy in Administrative Law" in Rabin and Bowman, eds., *Politics and Administration*, 79–94; Vinton Fisher, "Leadership Responsibility: The Development of Shared Public Purpose—Woodrow Wilson's Task for Public Administrators" in Rabin and Bowman, eds., *Politics and Administration*, 133–146; Dwight Waldo, "The Perdurability of the Politics-Administration Dichotomy: Woodrow Wilson and the Identity Crisis in Public Administration" in Rabin and Bowman, eds., *Politics and Administration*, 219–234.

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States (1913–1921). Woodrow Wilson was both a product of the Progressive era and a leading actor in it. To appreciate his influence, particularly as President, one must appreciate the significance of the Progressive era.

In general, authorities agree that there have been two great epochs of American political history and that the Progressive era was the Great Divide between the two. The Progressive movement of that era was multifaceted and is not easily described, but at its core was a belief that government could be used in a positive way to achieve "progress" for the collective human condition. Progressivism was a rebellion against limited government and the individualism of nineteenth-century liberalism. It accepted collectivism, the welfare of the community as a whole, as a positive value. It advocated forceful use of the powers of government in order to achieve advances in the collective public welfare, and it advocated the improvement of public administration in order that progressive policies might be carried out effectively.

Wilson's Progressive Presidency

Wilson's presidency is universally recognized as a time of great accomplishment for the Progressive movement. Woodrow Wilson came to the presidency as a convert to Progressivism. Arthur S. Link, leading Wilson historian-biographer, tells us that Wilson began as a conservative and that he converted to Progressivisim in 1901.[14] A good argument can be made that there had always been a strong streak of Progressivism, of what we nowadays call liberalism, in Wilson's attitude toward government. He had always believed in the creative, active state. The reforms proposed in *Congressional Government*, after all, were designed to render the government more capable of effective action. Wilson had always been a nationalist, never a Jeffersonian. He did not hesitate to call himself a progressive or a radical, Marshall Dimock tells us, although always careful to define the terms in his own way.[15]

Wilson himself was largely responsible for the Progressive accomplishments of his presidency. He was no passive on-looker to the policy-making process; rather, he practiced with vigor the Progressive principle of strong executive leadership. As a scholar, Wilson had preached the virtues of forceful executive leadership; as President, he practiced that which he had preached – buoyed, no doubt, by the example provided by President Theodore Roosevelt.[16] Henry Turner has put it well:

[14] Arthur S. Link, *Wilson: Road to the White House* (Princeton, N.J.: Princeton University Press, 1947), 24, 34.

[15] Marshall E. Dimock, "Wilson the Domestic Reformer" in Earl Latham, ed. for the American Political Science Association, *The Philosophies and Policies of Woodrow Wilson* (Chicago: University of Chicago Press, 1958), 242.

[16] Henry A. Turner, "Woodrow Wilson: Exponent of Executive Leadership," *The Western Political Quarterly* 4 (March 1951): 97–115.

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> As President of the United States, Wilson . . . came near to achieving for the Presidency the power and influence that he believed permanently desirable. . . . He exerted influence at every stage of the legislative process. He planned the legislative programs. He and his assistants took an active part in drafting bills. After bills were introduced, he used various means to secure their adoption. . . . For six years Wilson led and controlled Congress in a manner without precedent.[17]

Specific legislation proposed and pushed through by Wilson included the Federal Reserve Act of 1913, the Federal Trade Commission Act of 1914, the Clayton Antitrust Act of 1914, the National Defense Act of 1916, the Shipping Act of 1916, the Federal Transportation Act of 1920, and the Federal Water Power Act of 1920. Each of these measures produced expansion of national-government control over areas not regulated by the national government when Wilson took office in 1913. Through such legislation, the domestic role of the national government was greatly enlarged; and numerous commissions, boards, administrations, and public corporations were created—for example, the Federal Trade Commission, the Tariff Commission, the Federal Power Commission, the United States Shipping Board, and the Federal Reserve System.[18]

President Wilson also contributed in ways "subtle, but significant" to transformation of the national revenue system, as has been revealed by Thomas Lynch and Maurice Rahimi.[19] As governor and presidential candidate, he had championed the Sixteenth Amendment, ratified in 1913, which authorized federal taxation of income. As President, he secured passage of the tariff-reducing Underwood-Simmins bill of 1913 and initiated use of a progressive income tax, thereby shifting the national government from reliance on tariff revenues to reliance on the progressive income tax. Wilson saw the shift as one that relieved indirect taxation on poor people and imposed higher taxes on those better able to bear the burden.[20] Thus, he contributed to the establishment of a national revenue system, which provided both a surer source of federal income and a fairer distribution of the tax burden.

Another notable dimension of Wilson's presidential program consisted of his domestic-assistance policies. The number of federal programs of annual grants to state governments was doubled during Wilson's presidency from five to ten.[21] The first published mention of an "embryonic system" of federal grants-in-aid was made in the last year of Wilson's presidency.[22] Increase in the total volume

[17] Henry A. Turner, "Woodrow Wilson as Administrator," *Public Administration Review* 16 (Autumn 1956): 249–257, at 252.

[18] For a more detailed summary view, see Dimock, "Wilson the Domestic Reformer."

[19] Thomas D. Lynch and Maurice H. Rahimi, "Woodrow Wilson and the Revolution in Public Budgeting" in Rabin and Bowman, eds., *Politics and Administration*, 95–102.

[20] Ibid., 97.

[21] Larry Walker and Jeremy F. Plant, "Woodrow Wilson and the Federal System" in Rabin and Bowman, eds., *Politics and Administration*, 119–132.

[22] Paul H. Douglas, "The Development of a System of Federal Grants-in-aid," *Political Science Quarterly* 35 (June/December 1920): 255–271, 522–544.

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of grants-in-aid during Wilson's presidency was significant, and the pattern of grant-in-aid expansion set in the Wilson years was one Progressive-era feature that did *not* disappear in the "return to normalcy" that followed.[23]

Grant-in aid administration in Wilson's presidency also was noteworthy for its *centralizing* character. Wilson and his men chose to adopt administrative arrangements that established close national-government supervision of program implementation by the states and that restricted the ability of generalist state officials to control the federally-supported programs. These administrative arrangements were the most significant feature of the grant programs established by the Wilson administration.[24]

In sum, Wilson as President had a great influence on American public administration. Through his Progressive, pro-government policies, he contributed to great growth in the functions and powers of the national government, to major increases in the number of national administrative agencies, and to the establishment of national-government controls over the states through grants-in-aid administration. The significance of Wilson's presidency has been much documented and needs no extensive elaboration here; it needs only to be noted that the policies he brought about had significant consequences for public administration, not only at the national level but the state level also.

Wilson's Influence as Reform Scholar

I now come to the less consensual part of the assessment of Wilson's influence on modern public administration—namely, the assessment of his influence as a scholar. Wilson influenced subsequent administration, not through any single concept (such as the politics-administration dichotomy), but through the totality of his scholarly efforts. Through these efforts he made major contributions to the political-reform movement of his day and to the emergence of academic public administration; through both of these dimensions of change, he had a significant effect on public administration in the twentieth century.

Corruption and Reform

The triumphs of Jeffersonian democracy in 1800 and Jacksonian democracy in 1828 created systems of government that came to be seen as incompetent, corrupt, and, ultimately, undemocratic. A movement for governmental reform began to take shape prior to the Civil War. Reform was shunted aside, of course, by the struggles of Vicksburg, Shiloh, and Gettysburg. After the war, advocates of re-

[23] J. P. Clark, *The Rise of a New Federalism: Federal-State Cooperation in the United States* (New York: Columbia University Press, 1938), 139.

[24] Douglas, "Development of a System," esp. at 256. This subject has been reviewed by Walker and Plant, "Woodrow Wilson."

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form began to speak out again, most notably Henry Adams. The reformers were concerned about all levels of government—local, state, and national—for the defects of popular government were evident everywhere in the post-Civil War era.

> The egalitarian drive which spurred and rationalized the spoils system proved decreasingly effective as a guarantor of popular direction and control of administration. . . . We had effectively . . . transferred governmental power from one group (the gentry) to another (the politicians); in the process, we suffered a considerable degradation of public office and widespread corruption.[25]

This corruption was particularly noted in the cities. "To reform-minded members of the middle class . . . mass democracy ran reckless through the large cities. . . ."[26] The evils were party "rings," universal manhood suffrage, patronage, fraud, and incompetence. Consequently, as Mosher says, "The American efficiency movement began and gained its momentum at the local rather than the national level. Its first targets were the cities."[27] Therefore, "The real origins of public administration lay in the cities. . . . The cities were where most government was, where most action was, where most problems were, [and] where the services of public administrators could most dramatically be made more effective, more honest, and less costly."[28]

The cities were not the sole focus of reformer attention, of course; national government was also seen as corrupted. Van Riper comments as follows:

> The Jacksonians and Radical Republicans have not often been joined together for analysis, but the regimes had much in common. Politically, the result was what many of the Founding Fathers had feared, the dominance of a demagogic majoritarianism which, *driven by an intense concern for power in its later stages, pandered to our worst instincts* through the spoils system and an unbridled opening up of natural resources to exploitation. . . . The lengths to which both centralization and decentralization, the former at the national level and the other in state and local governments, could be manipulated by an unrestrained and corrupt but organizationally powerful party system were so clearly demonstrated that the backlash brought about a major reorientation of government both politically and, important here, administratively.[29]

After the Civil War, reform efforts resumed quickly at the national level. Senator Lyman Trumbull of Illinois succeeded in 1871 in attaching to an appropriation bill a rider that gave liberal power over personnel to the president, whereupon in that same year President Ulysses S. Grant created the first Civil Service Commission, which survived for four years before dying from lack of appropriations

[25] Mosher, *Democracy and Public Service,* 63.

[26] Martin J. Schiesl, *The Politics of Efficiency: Municipal Administration and Reform in America, 1800–1920* (Berkeley: University of California Press, 1977), 6.

[27] Mosher, *Democracy and Public Service*, 72.

[28] Frederick C. Mosher, "Introduction: The American Setting" in F. C. Mosher, *American Public Administration: Past, Present, Future* (University: University of Alabama Press, 1975), 1–10, at 8.

[29] Van Riper, "American Administrative State," 480.

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and presidential interest.[30] National civil-service reform was a major issue in the late 1870s and early 1880s, and it culminated in the passage of the Pendleton Act in 1883, which established the federal civil-service system.

The post-Civil War reform movement was fundamentally concerned with the morality and rightness of government, not with its efficiency. "The primary issue was moral," "the cleansing and promotion of democracy," says Waldo.[31] Mosher explains of the reform movement that "its essence was *moral*."[32] These overriding moral concerns with purification more than with efficiency are documented thoroughly by Schiesl and by Van Riper.[33]

The reform movement was multifaced in its approaches to reform. Waldo notes four separate "movements" with a public-administration emphasis, which he terms the personnel (or civil-service) movement, the administrative training movement, the research movement, and the reorganization movement.[34] There were other reform-movement dimensions, too – for example, that having to do with electoral-system reform (promoting nonpartisan elections, the short ballot, and other ideas) and that having to do with reform of financial practices (including budgeting and purchasing).

Congressional Government

In this maelstrom of reform activity, Woodrow Wilson "quickly became a widely respected authority on political reforms on all levels of government."[35] With the publication of *Congressional Government* in 1885, Wilson received nationwide recognition, not just as a scholar, but as an advocate of reform. With respect to the national government, Wilson's *Congressional Government* was nothing less than *the most radical prescription for change (read, "reform") to be written since 1789.*

In general, the university social scientists of that day were reform-minded; the social-science disciplines, which first emerged in that era, were inspired by and were products of the social-reform movements of the day. That era preceded the ascendancy of behavioralism and logical positivism; political scientists were respected public commentators on social problems, and many – perhaps most – of them were active participants in reform organizations.

Wilson's bent for reform, then, was merely typical of leading academicians of his day. His initial performance with *Congressional Government (CG)*, however, was quite *un*common because of his relative youthfulness and because of the originality and audacity of his thinking. *CG* brought national prominence to Wilson

[30] Ibid.

[31] Waldo, *Administrative State*, 28.

[32] Mosher, *Democracy and Public Service*, 65.

[33] Schiesl, *Politics of Efficiency*; Paul P. Van Riper, *History of the United States Civil Service* (Evanston, Ill: Row Peterson, 1958).

[34] Waldo, *Adminstrative State*, chap. 2.

[35] Schiesl, *Politics of Efficiency*, 15.

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before age 30, while he still was a graduate student. It may be said without exaggeration that *CG* was *the* best critical analysis of the American national government written in the nineteenth century and, therefore, that it was *the* most important nineteenth-century document of that portion of the reform movement directed toward the national government.

The fundamental fact that accounts for the significance of *CG* is that, as incredible as it may seem, it was the *first* published analysis of how the national-government policy-making system really worked. Until that day, every scholarly volume on the national government had approached it in terms of a formalist or literary approach; it was for the young Wilson, ninety-eight years after the writing of the Constitution, to write the first *realistic* analysis of how the government created by the Constitution actually worked. Wilson was never a behavioralist—and never approved of the behavioral approach to political science—but he may be said to have been the first "realist" in the study of American national government.[36]

The significance attributed to *CG* at its publication is represented by the following reviews:

> Even if Mr. Wilson's book were of indifferent merit . . . it would, nevertheless, mark an era in our political writing by reason of its method. It is the first critical analysis of the mechanism of our . . . Constitution that has been published.
>
> Albert Shaw, *The Dial*, March 1885[37]

> It is an altogether unique book—a book standing apart by itself, and constituting an entirely new departure in our political writing.
>
> *Louisville Courier-Journal*, 20 March 1885[38]

> To state without qualification that the modest volume entitled "Congressional Government" . . . contains the best critical writing on the American constitution which has appeared since the "Federalist" papers, may seem extravagant; but it is true, and the book will mark an era in our political writing.
>
> *Minneapolis Daily Tribune*, 15 February 1885[39]

> We have no hesitation in saying that this is one of the most important books, dealing with political subjects, which have ever issued from the American press.
>
> *Nation*, 12 February 1885[40]

"The Study of Administration"

Two years later in 1887, "The Study of Administration" was published in the *Political Science Quarterly*, which according to Somit and Tanenhaus, was "the major

[36] John Milton Cooper, Jr., *The Warrior and the Priest: Woodrow Wilson and Theodore Roosevelt* (Cambridge, Mass.: Belknap, 1983), 50.

[37] Woodrow Wilson, *The Papers of Woodrow Wilson*, 54 vols., Arthur S. Link, ed. (Princeton, N.J.: Princeton University Press, 1966–1985), IV, 309.

[38] Ibid., IV, 405.

[39] Ibid., IV, 284.

[40] Ibid.

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journal of political science."[41] The background of this publication was not auspicious. In early 1885, Wilson had attended a "seminar on Administration" taught by Richard T. Ely, political economy instructor at Johns Hopkins University.[42] It was a typical course of the time, comparative in method and focused primarily on the best known national and municipal administrative systems of Europe (France and Prussia), with comparisons of British and American practices. The collected Wilson *Papers* contain a summary by Wilson of one particular session of the seminar:

> Dr. Ely read a paper upon Administration. . . . In his paper, Dr. Ely dwelt upon the importance of administrative study; upon the special necessity for it in this country, in view of the fact that our administration is the worst in the world; and upon the strange apathy which has hitherto reigned in the U.S. with regard to questions of this nature.[43]

Later in that year, Wilson wrote to his future wife that he intended to make administration a focus of his studies, and in the next several months he wrote three essays dealing with the subject.[44]

In October 1886, Wilson—then in his first year as a faculty member at Bryn Mawr—received an invitation to speak on the subject of "his administrative studies" to the Cornell University Historical and Political Science Association. Having only three weeks' notice, Wilson patched together a speech by combining the three essays. Only one week after the 3 November 1886 presentation at Cornell, Wilson received a request that the speech be submitted for publication. It was published subsequently, with revision of only a single two-paragraph passage.

In short, the "Study" was not a finished product. In reporting to his Johns Hopkins professor, H. B. Adams, on the Cornell presentation, Wilson wrote that it probably had cost him any prospect of a position at Cornell;[45] and he warned the *Political Science Quarterly* editor, Edwin R. A. Seligman, that he considered the piece unworthy of publication.[46] Published it was, though, and well received, at that. Its reception was due to its qualities both as a scholarly piece of political-science work and as a reform document.

The "Study" as Political Science. The "Study" was for Wilson another precedent-setting triumph of creative scholarship. True, it had flaws of logic, of fact, of organization, and of literary style. True, by today's standards the "Study" hardly counts as "science" at all. But the facts of that day were that, first, it was the first published essay by a university scholar on the subject of public administration; second, it was the first professional publication to identify administration as part of the

[41] Albert Somit and Joseph Tanenhaus, *The Development of American Political Science* (Boston: Allyn & Bacon, 1967), 44–45.

[42] Wilson, *Papers*, III, 345.

[43] Ibid., IV, 303.

[44] Ibid., V, 43.

[45] Ibid., V, 407.

[46] Ibid., V, 387–388.

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solution to the governmental problems of the day; and third, it was the first proposal by a university educator for two new roles for higher education—developing a "science of administration" and providing specialized vocational education for public administrators. In addition, it may have been the first political-science publication to put efficiency on a par with morality as an objective to be promoted by political scientists and, in the future, by public administrationists.

Wilson "blazed a major new trail in the study of government—inquiry into how legislation was carried out after being passed."[47] "Woodrow Wilson aggressively asserted the claims of a new field of political study and an innovative science of administration as a means of effecting political reforms." Therefore, continue Ronald Seidelman and Edward Harpham, "the need for a science of administration was adopted as the conventional wisdom of political science."[48] The editors of the Wilson *Papers* say with reference to the "Study" that "Wilson expanded what were then the frontiers of his discipline. Perhaps it would be more accurate to say that he redrew the boundaries of the field to include the hitherto uncharted terrain of administration in the United States."[49]

The effect of the essay on Wilson's contemporaries was substantial. A. S. Link and his staff of editors of the Wilson *Papers*—the definitive commentators on Wilson—say that the essay's publication "immediately established Wilson's reputation in the subject."[50] It was because of the essay, they say, that in 1887 Wilson was hired as a visiting "lecturer on Administration" at Johns Hopkins. (The initial contract for a three-year series of courses was repeated twice, for nine years in all.) Two years later, in 1889, Herbert Baxter Adams predicted to a Johns Hopkins class that Wilson would be among those Hopkins graduates who would contribute "great improvement" to the society, with Wilson's contribution being in the area of "reform in administration."[51]

Wilson was not the first person to lecture on administration: a course in comparative administrative law was offered at Columbia in 1882; Frank J. Goodnow began lecturing on American administrative law at Columbia sometime between 1883 and 1887; and Richard T. Ely had taught the seminar in administration at Hopkins in 1885.[52] Nor was Wilson the first to wear a title such as Lecturer on Administration: Edmund J. James was Professor of Public Finance and Administration at the University of Pennsylvania as early as 1885, it appears, and possibly as early as 1883; and Goodnow was titled Adjunct Professor of History and Administrative Law at Columbia in 1887.[53] But in teaching an annual graduate-level

[47] Cooper, *Warrior and Priest*, 52.

[48] Seidelman and Harpham, *Disenchanted Realists*, 55.

[49] Wilson, *Papers*, VI, 483.

[50] Ibid., VI, 482.

[51] Cited in Turner, "Woodrow Wilson as Administrator," 249.

[52] On the 1882 course at Columbia, see Anna Haddow, *Political Science in American Colleges and Universities, 1636–1900*, William Anderson, ed. (New York: Octagon Books, 1969, originally published by Appleton-Century, 1939), 181.

[53] Wilson, *Papers*, V, 25: Haddow, *Political Science*, 251; Charles G. Haines and Marshall E. Di-

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course on administration for nine consecutive years at Johns Hopkins, while simultaneously teaching the subject at Bryn Mawr, then at Wesleyan, then at Princeton, Wilson certainly was one of the leading teachers of administration in the nation.

In fact, Wilson, James, and Columbia's Frank Goodnow were the three leading public administrationists of the 1880s and 1890s, it appears. James was an early professor of administration; a successful teacher, apparently – he eventually went to the highly prestigious University of Chicago as professor of public administration – but not a successful author.[54] Wilson knew him and mentioned him in letters occasionally in the mid-1880s, referring to him once in 1886 as "my friend, E.J. James."[55]

Goodnow joined the Columbia faculty in 1883, and he taught a course on American administrative law there. Between 1893 and 1900 he published four books on municipal government and public administration.[56] With these works, Goodnow's star rose to the point that he was selected as first president of the American Political Science Association in 1904. Other volumes followed. (One finds no evidence in Wilson's *Papers* of a friendship between Goodnow and Wilson, and virtually no mention of Goodnow in Wilson's extensive correspondence of the day. Could it be that they were unfriendly rivals?)

Of the three, James may have been the first in point of time, but he achieved the least prominence. Wilson gained prominence first with the essay and sustained it with the prestigious appointment at Johns Hopkins. It appears that administration was being taught at only four schools at any one time in those days, and that for nine years Wilson was the teacher at two of the four (at Johns Hopkins and, consecutively, at Bryn Mawr, Wesleyan, and Princeton). In the 1890s, however, Wilson's interests proved to be too broad for him to maintain the status of first among public administrationists; he next wrote *The State* (1889), the first comparative-government textbook; then a history, *Division and Reunion, 1829–1889* (1893); then a five-volume *History of the American People*, published in 1901.[57] By that time Wilson was established as both a leading historian and a leading political scientist, but he had forfeited any claim to prominence as a specialist in public administration. That, combined with Goodnow's publications beginning

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mock, eds., *Essays on the Law and Practice of Governmental Administration*, a volume in honor of Frank Johnson Goodnow, President Emeritus, The Johns Hopkins University (Baltimore: Johns Hopkins University Press, 1935; reprinted, New York: Greenwood Press, 1968), viii.

[54] On James's 1896 appointment, see Haddow, *Political Science*, 251.

[55] Wilson, *Papers*, V, 412, 427.

[56] Frank J. Goodnow, *Comparative Administrative Law* (New York: G. P. Putnam's Sons, 1893); *Municipal Home Rule* (New York: Columnia University Press, 1895); *Municipal Problems* (New York: Columbia University Press, 1898); and *Politics and Administration: A Study in Government* (New York: Macmillan, 1900).

[57] Woodrow Wilson, *The State: Elements of History and Practical Politics: A Sketch of Institutional History and Administration* (Boston: Heath, 1889); *Division and Reunion, 1829–1889* (New York: Longman-Green, 1893); and *History of the American People*, 5 vols. (New York: Harper, 1901).

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in 1893, ultimately gave the honor of leading public administrationist of their generation to Goodnow. Nevertheless, Wilson was briefly the most prominent commentator on public administration of his day, and he remained a highly influential teacher and public lecturer on the subject.

It should be understood, in order that one might have a complete appreciation of the historical record, that James, Goodnow, and Wilson were pathbreakers in the teaching of administration. In her definitive history, *Political Science in American Colleges and Universities: 1636–1900* (1939), Anna Haddow notes only one precedent for the teaching on administration by these three men in the 1880s.[58] In 1779, at the insistence of Thomas Jefferson, the College of William and Mary established a professorship of Law and Police, with George Wythe as the first incumbent. In Samuel Johnson's eighteenth-century dictionary, "police" is defined as "the regulation and government of a city or county, so far as regards its inhabitants." Historian Herbert Baxter Adams of Johns Hopkins University commented in 1887 that "police" was "much the same as the modern science of administration, which is just beginning anew to creep into our university courses." The College of William and Mary adopted a Bachelor of Laws degree in 1792, which required an additional year of study beyond the three years required by the Bachelor of Arts degree. The courses taught in the additional year were "civil History" and "Municipal Law and Police." Haddow implies that this requirement was still in effect a quarter-century later in 1817. Meanwhile, the three-year B.A. program was heavy with the study of government through courses in "moral philosophy," "natural and national law," and "government and political economy."[59]

No other American college made such overt provision for teaching of administration in the eighteenth century, or in the early or middle nineteenth century either, for that matter. Governmental subjects were dealt with under various headings—moral philosophy, political economy, the law of nature and nations; civil polity, law, history, and political philosophy. Even the term political science was used here and there as early as 1800.[60] How much of that which we now classify as administration was included under these early headings is not terribly clear; surely there was some such teaching, especially under "political economy," which grew stronger as the nineteenth century progressed.

After the Civil War, the colleges, now generally fashioning themselves as universities, made more systematic provision for political science; but little evidence of administration appears in the curricula. For example, at Harvard University a new curriculum in government was developed in the 1870s by Assistant Professor of History Henry Adams. The four course titles do not suggest much attention to administration, and none of the courses dealt solely or even primarily with administration.[61]

[58] Haddow, *Political Science.*
[59] Ibid., 45.
[60] Ibid., 60, 73, 70, and 93.
[61] Ibid., 173.

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In short, with the exception of George Wythe and his successors at the College of William and Mary, the threesome of James, Goodnow, and Wilson were America's first public administrationists. As one of them, Wilson is deserving of praise as an original practitioner of academic teaching on administration. (Richard Ely, Wilson's instructor at Johns Hopkins University, I do not include here, in that, so far as I know, he taught only the one brief course in 1885. A professor of political economy, he did not count administration among his major interests. Years later, at the University of Wisconsin, he was prominent as an expert on taxation.) In addition, Wilson was the first academician to publish on the topic of administration, and his essay contained some noteworthy ideas. Says Waldo, sixty years later, "much of it seems so modern it could have been written yesterday."[62] It is appropriate, then, to give the "Study" high marks as political science.

The "Study" as Reform Document. The "Study" was more than political science; it also was a reform document of significant value to the reform movement of the day. In fact, it is likely that the *Political Science Quarterly* editor snapped it up, despite its technical defects, because of its apparent relevance and value to reform.

The "Study" is quite obviously about reform. That fact is clearly suggested by Wilson in the essay's first paragraph, in which he suggests that administrative study must obtain answers to certain questions in order that civil-service reform might be accomplished. Wilson justifies his call for a science of administration in terms that clearly evoke the reform sentiments of the day:

> This is why there should be a science of administration which shall seek to straighten the paths of government, to make its business less unbusinesslike, to strengthen and purify its organization, and to crown its duties with dutifulness. This is one reason why there is such a science.[63]

As a reform document, the "Study" ranks as an early published expression of reform sentiment. Both Waldo and Van Riper identify only one earlier scholarly piece (scholarly in tone, but written by a wealthy lawyer-reformer rather than an academic person) promoting civil-service reform.[64] This was a report on the British civil service prepared for President Rutherford B. Hayes in 1879 by Dorman B. Eaton, an outstanding reform leader, and published in greatly amplified form three years later.[65] It may be noted in the *Papers* that in 1885 Wilson obtained a copy of the volume containing this essay.[66]

Richard Stillman explains that "[l]ike the other mugwump reformers of the 1880s . . . Wilson was caught up in the pressing issues of the day," of which civil-service

[62] Waldo, *Administrative State*, 26n.

[63] Wilson, "Study of Administration," 485, 1941 reprint.

[64] Waldo, *Administrative State*; Van Riper, "American Administrative State."

[65] Dorman B. Eaton, "Civil Administration" in J. J. Lalor, ed., *Cyclopedia of Political Science*, 3 vols. (Chicago: Rand McNally, 1882), I, 473–475.

[66] Wilson, *Papers*, V, 6–7.

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reform certainly was one.[67] Alan Altshuler writes of Wilson that "[h]e wrote, moreover, as a partisan in a *political* movement: that for reform of the nineteenth century spoils system and substitution of a civil service merit system in its place."[68] Wilson had already pointed out the abuses and irresponsibility of the legislative branch in his *Congressional Government*, but there he had offered no remedy. In the "Study," some eighteen months later, he attempts to offer remedies – namely, a science of administration and the training of men for public service. The essay has many defects from a technical standpoint, but such defects were less important to the reformist audience of the day. As Stillman has said:

> One might speculate that a clear definition [of the study of administration] was not Wilson's major intention in his essay. Rather what was more important to him and to his mugwump audience was finding an appropriate ideology to justify their efforts to strengthen the executive branch, centralize authority, and check congressional irresponsibility.[69]

The Extent of Wilson's Influence

Much has been said about Wilson's stature as a reform advocate and as a writer and teacher of public administration. But the entire story has not really been told. Even before his election as governor of New Jersey, Wilson was a truly prominent person, both as an academician and as a reform advocate. In earlier years, he was one of the nation's most respected college lecturers; later, he was "the best-known college president in America."[70] He was a member and officer of the National Civil Service Reform League.[71] He was a member of the National Short Ballot Organization.[72] He was a well-known and admired public speaker on reform topics, and he spoke at prominent reform meetings; for example, he and Theodore Roosevelt were speakers at a municipal reform meeting in Baltimore in 1896.[73] His college teaching had a strong reform flavor to it, no doubt. (Wilson's entire first-year lecture series at Johns Hopkins in 1898 was on municipal administration, in compliance with Adams's request that Wilson give his course "a municipal tendency with reference to reform work in this city.")[74] Wilson regularly wrote

[67] Richard J. Stillman, II, "Woodrow Wilson and the Study of Administration: A New Look at an Old Essay," *The American Political Science Review* 67 (June 1973): 582–591, at 585.

[68] Alan A. Altshuler, "The Study of American Public Administration" in Alan A. Altshuler and Norman C. Thomas, eds., *The Politics of the Federal Bureaucracy* (New York: Harper & Row, 1977, 2nd ed.), 2–17, at 3.

[69] Stillman, "Woodrow Wilson," 587.

[70] Cooper, *Warrior and Priest*, 66.

[71] Mosher, *Democracy and Public Service*, 68, says that he served as League president, while Turner, "Woodrow Wilson as Administrator," 254, says that he served as vice-president.

[72] Schiesl, *Politics of Efficiency*, 172.

[73] Cooper, *Warrior and Priest*, 60.

[74] Wilson, *Papers*, V, 652.

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editorial essays on reform topics for newspaper publication. His later public speeches and writings were full of affirmations of his faith in the common man, which lent to Wilson's popularity as a public speaker.[75]

As an academician, Wilson was active in the academic movements of the day. He was among the founders of the American Economic Association in 1883. When, twenty years later, the American Political Science Association was formed in 1903, he was chosen as one of its initial officers (first vice-president), which he declined; in 1910 he did serve the association as its eighth president. In a day when academic boundaries were less rigid than today, Wilson was active in various areas. He "allied himself with the vanguard of the new social science movement" and was a leader of the movement to establish separate departments of political science, economics, sociology, and public administration.[76] Through such efforts he promoted and faciliated academic trends that have had major effects on the organization of universities and on the content of the social sciences.

As an academician, Wilson promoted a new approach of realism in the study of politics and exemplified it in his political-science works (*CG*, the "Study," *The State*, and, in 1908, *Constitutional Government in the United States*).[77] *Congressional Government*, as previously noted, was *the* first realistic analysis of how American national government worked. *The State* was the original comparative-government text and has been judged by one critic to be one of the three most important books on general political science of the era.[78] In addition to practicing realism himself, Wilson urged other political scientists to do the same. For example, in a second published essay in 1887, "Of the Study of Politics," Wilson urged that the student go beyond the law and become acquainted with the life of the state. He who reads constitutions with lawyers as guides, he wrote, "risks knowing the anatomy, but not the biology of the state."[79] Through both word and example, then, Wilson promoted a dramatic revolution in political study.

Of Wilson's own political-science endeavors, J. M. Cooper delivers this judgment:

> The work he produced made him the finest American political scientist of the period of his academic career, from the mid-1880s to 1910. . . . Only with work of such different men as Charles E. Merriam and Harold Lasswell would American political scientists begin to operate on Wilson's level of inquiry. . . . His true successor . . . was Walter Lippmann.[80]

Of Wilson's influence on the development of the discipline of political science, Seidelman and Harpham offer this judgment:

[75] Ibid.

[76] Seidelman and Harpham, *Disenchanted Realists*, 45.

[77] Woodrow Wilson, *Constitutional Government in the United States* (New York: Columbia University Press, 1908).

[78] Vernon L. Parrington, *The Beginnings of Critical Realism in America, 1860–1920* (New York: Harcourt, Brace, 1930), vol. 3, 119.

[79] Woodrow Wilson, "Of the Study of Politics," *New Princeton Review* 3 (March 1887): 188–199.

[80] Cooper, *Warrior and Priest*, 54.

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> Woodrow Wilson aggressively asserted the claims of a new field of political study and an innovative science of administration as a means of effecting political reforms. The need for a science of administration was adopted as the conventional wisdom of political science. Without question, Wilson catalyzed the professional development of political science. . . . The professional organizations and language of the American science of politics carried on Wilson's concerns.[81]

Seidelman and Harpham also offer the conclusion that "through his call for an administrative science, Wilson helped to legitimate the role of professional research organizations, the political science discipline, and the transformation of American universities."[82]

Conclusion

I could go on. For example, there could be a section on Wilson as political theorist. (The "Study" is recognized by some commentators as, for better or worse, a major work in American political theory.)[83] I hope that impressed upon the reader by now is a respect for Woodrow Wilson as a Progressive President, as a political scientist, as a reform advocate, and as an early public administrationist. If one appreciates all these points, he or she will understand, without further argument, that Woodrow Wilson has had a large influence on twentieth-century American public administration. One simply could not be all that he was and do all that he did without having such an influence.

Those who wish to argue that Wilson has had no influence on modern public administration simply have suffered either from insufficient facts (particularly a problem prior to the publication of Wilson's *Papers*, beginning in 1968) or from tunnel vision. In the case of tunnel vision, there is a focus on the politics-administration dichotomy and on overt linkages between Wilson's 1887 essay and subsequent public-administrationist literature. But Wilson's influence on twentieth-century public administration has occurred *least of all* through his direct influence on academic public-administration theory. There has been some of that, yes; but more importantly there have been the influence of his Progressive presidency; his influence as an academician, on and through the reform movement of his day; his influence on the transformation of the social sciences as separate, discrete fields of enquiry; his role in the transformation of the universities; and his role in the orientation of political science to realism rather than to constitutional formalism. Through *all* of these avenues, Wilson has affected American political science and public administration of today.

[81] Seidelman and Harpham, *Disenchanted Realists*, 55.

[82] Ibid., 53.

[83] Mosher, *Democracy and Public Service*; Seidelman and Harpham, *Disenchanted Realists*; Ostrom, *Intellectual Crisis*; and Douglas Yates, *Bureaucratic Democracy: The Search for Democracy and Efficiency in American Government* (Cambridge, Mass.: Harvard University Press, 1982).

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Book Reviews

The Postmodern President: The White House Meets the World *by Richard Rose. Chatham, N.J., Chatham House, 1988. 349 pp. Paper, $17.95.*

Richard Rose, an international scholar of considerable repute, has written on a wide range of policy issues facing contemporary western governments. His *Postmodern President* is a continuation, in a few instances a duplication, and most importantly an extension of his previous work. Rose sees the problems facing the U.S. president within an international context. Arguing that global interdependence has replaced *Pax Americana*, Rose asserts that the dominant challenge for contemporary presidents is how to deal with their loss of international influence in a world in which foreign events and decisions have a greater-than-ever impact on their domestic policy concerns.

In assessing their capacity to meet this challenge, Rose notes the limited resources that are available to American presidents in contrast to their western counterparts. American parties lack cohesion and are of little help to presidents in governing. Electoral campaigns focus on character, not on policy issues, thereby denying the victor an opportunity to claim a public mandate. Recruitment patterns deemphasize experience in international affairs as a criteria for selection. Moreover, the need to appeal continually to the dominant interests of the Washington community and the general public inhibits the going international process.

When these political constraints are combined with the pluralism of the American system, a pluralism which Rose likens to an organized anarchy, American presidents are placed at a significant disadvantage. "The contrast with a parliamentary system of government is sharp," he writes. "In a parliamentary system, many subgovernments operate, but they do so within a centralized system of authority that limits their scope for actions. The Prime Minister is a chief with an executive" (p. 184). He describes the president as a chief without one, the head of an institution who lacks effective control over it.

Given these disadvantages, what can a president do? Rose offers no panacea but does suggest a golden rule of contemporary diplomacy: be as knowledgeable and sophisticated about others as they are about you. "There is an asymmetry

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of knowledge, for foreign nations understand Washington far better than we understand them. The postmodern President must learn how to make interdependence work if the United States is to travel in a fast lane in the international system rather than on a collision course" (p. 12).

Rose's solution is commonsensical, his analysis is insightful, and his perspective is broadening. His thesis, which is repeated too often in the text, is richly supplemented by comparisons with other systems and leaders, by discussions of the internationalization of policy issues, and by illustrations of the growing interdependence of the world community and the impact that has had on domestic problems. Moreover, the manuscript is strewn with provocative challenges to conventional wisdom.

While not a traditional presidency text (it lacks in-depth treatment of nomination and elections, personality and performances, formal powers and ceremonial functions), *The Postmodern President* can serve as a fine supplement or as one of a series of core books. It offers much to students and teachers alike, much to ponder, much to argue with, much to reexamine in the light of a rapidly changing world. It is a very good book.

STEPHEN J. WAYNE
Georgetown University

Fluctuating Fortunes: The Political Power of Business in America *by David Vogel. New York, Basic Books, 1989. 337 pp. $20.95.*

David Vogel takes the reader on a thirty-year roller coaster ride that sweeps one through the ups and downs of business-government relations since the beginning of the Kennedy administration. His basic theme is the changing nature of these relations and the consequent inapplicability of static explanations that seek to illuminate *the* political power of business.

The survey is sketchy at times, and complex policy debates are painted with a broad brush. While Vogel does cite some of the scholarly literature relevant to the policy issues he discusses, his preference is for the pronouncements of such publications as the *Wall Street Journal* and *Business Week*. Rather than consult original documents such as committee hearings and judicial opinions, he is more likely to quote journalistic commentary. While to some extent the perceptions of the popular business press are exactly the sort of evidence that Vogel is seeking, one is left without much understanding of the actual content of the laws that were passed and their intended and unintended consequences. Of course, such detail would be impossible within the scope of a single volume that seeks to chronicle the pattern of business-government relations over thirty years. Nevertheless, readers should be careful not to take Vogel's interpretations at face value. The book's most useful feature is its travelogue quality. If you know something about the legislative debates and regulatory donnybrooks in air pollution policy, you can broaden

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your perspective by finding out how business was faring in other areas at the same time.

Vogel's survey brings out several broad themes that help to organize a changeable reality. He points first to the importance of the business cycle. When business is booming and profits and productivity are high, business is vulnerable to regulatory incursions and tax hikes. This places profit-seeking firms in an awkward position. To attract and retain investors, they wish to tout their high levels of earnings; but to receive aid, rather than costly exactions from government, they need to appear to be struggling.

Second, Vogel emphasizes the value of unity as a political strategy. When businesses in all size classes, locations, and industries present a unified position, they are difficult for Congress or the executive branch to resist. The conjunction of the prestige of the CEOs of the Fortune 500 corporations and the grassroots connections of small business has proved a potent political force. Such unity, however, is frequently difficult to achieve and, once achieved, is impossible to maintain.

Third, the changing structure of the American political system affected both the political power of business and the range of productive strategies. The decline in power of political parties, the weakening of the seniority system, and the growth of congressional staff and political entrepreneurship have produced a fragmented legislative system that cannot be influenced through a few old boys. Furthermore, during the period of Vogel's study the nature of the political opposition changed. In the 1970s the public-interest movement replaced organized labor as the chief antagonist of business. Because of these changes, more sophisticated techniques were called for beyond meeting quietly with a few power brokers. Part of the difficulties faced by business interests in the early part of Vogel's period stemmed from their failure to respond quickly enough to these changed political realities.

Finally, of course, even when business is unified, employs sophisticated lobbying strategies, and faces hard times, it may not have much influence simply because politicians have political agendas of their own that make them unresponsive to the concerns of business.

At the end of the 1980s the net result of the changing fortunes of business is twofold. On the one hand, there is an increased level of government intervention in the economy. The deregulation of airlines, banking, and trucking is outweighed by the increased public effort to regulate the environment, health and safety, and equal employment opportunity. On the other hand, business has become increasingly involved in national politics. Campaign contributions have reached new highs, and the number of trade associations with well-staffed Washington offices has grown dramatically. Business firms are better prepared to defend their interests in the Congress, before regulatory agencies, and in the courts than they were in 1960. This is not to say that they are more influential now than in the past, however. Their increased political savvy is at least as much a reflection of the challenges they face as it is of the influence they wield.

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The Fate of Nations: The Search for National Security in the Nineteenth and Twentieth Centuries *by Michael Mandelbaum. New York, Cambridge University Press, 1988. 416 pp. Cloth, $39.50; paper, $13.95.*

In many respects, Michael Mandelbaum has written an ambitious book. He explores the intriguing thesis that a state's national security options over a course of two centuries are decisively shaped by the external political environment, especially by the structure of world order. This exploration is organized into six case studies of differently constituted states operating within particular historical settings that generate distinctive challenges to national security.

The range of material covered is impressive: Great Britain in the nineteenth century, France between the two world wars, the United States since World War II, China in the decades after the Maoists came to power, Israel from its birth to Camp David, and Japan since its regeneration in 1945. And what is more, each case is explored in some detail with an illuminating degree of empirical richness. Beyond this, Mandelbaum is conversant with recent social science efforts to bring greater conceptual clarity to the understanding of international relations: he avows the influence of Kenneth Waltz, builds his chapter on Israel around work dealing with "the security dilemma," and is sophisticated about the structural limits on international cooperation.

Yet, *The Fate of Nations* strikes me as disappointing—partly for what it is, partly because it does not live up to its own promise. Michael Mandelbaum inhabits the middle ground between academia and journalism, a terrain that is very influential in policy circles and dominated by government-oriented institutions such as Brookings, the Lehrman Institute, and the Council on Foreign Relations, the latter of which currently employs Mandelbaum as a senior fellow. The chapters were each discussed at Lehrman seminars, presumably by a heady mix of academicians, government officials, and a sprinkling of elite representatives drawn from business and finance, journalism, and law. The books that flow from this process tend to have certain features in common: an accessible prose, a reliable command over secondary materials, a strong fit with contemporary concerns, an ideological conformity, and a weak commitment, if any at all, to theoretical and normative implications. Evaluated as scholarship, Mandelbaum's book seems inconclusive and rather bland. Despite its theoretical claims, the chapters are extended narrative essays that tell the story of each state's security policy within the time period covered. Mandelbaum repeatedly points out that the structure of international society is anarchic and that this structural feature accounts for the possibility of war and the various postures available to states to select the most adaptive response. This major premise of all realist thinking about international relations is not applied in a rigorous enough way to add anything significant to the narrative. Indeed, the theorizing strikes me as frequently frivolous or misleading. Take this example: "Anarchy makes war between sovereign states possible but not certain" (p. 255). The opposite assertion is almost as plausible if one appreciates the following variation: "Government makes war within sovereign states possible but not

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certain." Very little follows from anarchy, as such. It depends on the configuration of anarchy as linked to the capabilities, situation, and perceptions of each particular government.

In his chapter on U.S. security policy, Mandelbaum stresses the strong-state circumstance of the United States and the degree to which this naturally creates a preoccupation with falling dominoes ("adverse chain reactions . . ."), especially in light of the failure of appeasement as a containment strategy in the 1930s. The richness of the material involves interpreting the narrative, which Mandlebaum does competently, but with no advance over the standard account associated with the work of John Lewis Gaddis.

The Israel chapter has some shortcomings all its own. It is viewed as a case for the conceptual framework of "the security dilemma" confronted by a state that has some choices, but also some problems, and seeks to optimize its security by being neither weaker than desirable (a temptation) nor stronger than necessary (a provocation). Rational assessment is qualified by historical factors (the Holocaust) and ideological convictions (Zionism). What is disappointing here is a quite unscholarly attempt to present the essential interplay of Arab-Israeli behavior and attitudes. The narrative is presented in a one-sided way, relying only on sources with an anti-Palestinian outlook, often reinforced by hostility to Islam as such. Mandelbaum almost admits his own bias in a footnote when he acknowledges that his account "is not one that Arab spokesman have usually given." Later on in the same footnote, "the analysis here is not intended to bear on the question of whether the Arab case is right or wrong (although the author is not sympathetic to it)" (fn 25, p. 272). There is much that is shallow in this presentation, even accepting its framework. The U.S. government refusal to back Israel in the Suez War cannot be reduced to the simple propostition ". . . for the sake of good relations with the Arabs" (p. 284). Surely also relevant were other factors, including fidelity to the UN Charter prohibition on aggression, the failure of the attacking powers to consult in advance, and the timing of the invasion in relation to both the Soviet intervention in Hungary and impending U.S. presidential elections.

In the end, my sense of the drawbacks of *The Fate of Nations* overwhelms my appreciation of its achievements. It perpetuates a kind of cold war orthodoxy that ill-serves our understanding of the complexity of the past. For instance, it construes the United States role in Vietnam as essentially a response to ". . . the Communist attack on Indochina in the 1960s and 1970s" (p. 148). Mandlebaum exhibits no feeling for the anti-colonial movement, for nationalist aspirations, and for the extent to which the communists were more Indochinese than either the French or the Americans. He writes in the spirit of Jeane Kirkpatrick about autocratic governments being "decidedly more liberal" (p. 164) than communist regimes without bothering to relate the issue to the play of forces within a particular society. He discusses U.S. policy in the Third World as if the CIA had never lifted a finger to dispose of governments that were far more liberal than their successors (for example, Iran 1953, Guatemala 1954, Chile 1973).

Mandelbaum, presumably unwittingly, is catering to the mainstream prejudices

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of the most influential foreign policy audience in this country. The book is too thin theoretically to exert any serious impact on social science thinking, but it does its part to sustain the most conventional state-centric realist form of thought about how governments should go about planning their security. Since it is a quick read with a consoling message about the past, it could slightly inhibit the process of adjusting to the post-anarchic challenge of global-scale problems: environmental decay, demographic pressures and flows, drugs, disease, militarism. What I object to most about *The Fate of Nations* is the purity of its realism: there isn't a normative bone in its intellectual body!

RICHARD FALK
Princeton University

War and Peace in Central America; Reality and Illusion *by Frank McNeil. New York, Charles Scribner's Sons, 1988. 310 pp. $19.95.*

This is an important, vigorously written account of U.S. policy in the Central American region by the former U.S. ambassador to Costa Rica, deputy assistant secretary of state for Latin America (and also for East Asia), and the senior deputy assistant secretary for intelligence and research. In the last position he earned the animosity of Lt. Colonel Oliver North and Assistant Secretary of State Elliott Abrams for using facts and figures to puncture their "fantasy" (pp. 9–10), which fed the Reagan administration's policies in Central America between 1984 and 1986. Abrams finally forced McNeil to retire. In his letter of resignation to Abrams, McNeil accused him of an "exercise in McCarthyism" (p. 293). Secretary of State George Shultz never disavowed Abrams's fantasy, but did bestow the State Department's Distinguished Honor Award on McNeil. Such were the political realities during the final years of the administration's failed Central American policies.

This account is not well organized. Stories and aphorisms are repeated; chapters on specific years wander far beyond or before those years. But McNeil set out to tell the "ugly story" (p. 10) and does so with fervor. Explicitly disliking both the right and the left, he tries to place himself in the middle. This attempt sometimes leads to foolish statements ("the American left indiscriminately labels as fascism all forms of fascism except that to the left" (p. 667). It also leads him to accept highly questionable liberal assumptions of the 1960s, especially that U.S.-supported economic growth helps solve fundamental social problems. Such growth has actually worsened those problems if, as has usually been the case in Latin America, it was maldistributed.

But the book is nevertheless a major contribution for two reasons. First, McNeil systematically destroys the assumptions and public rationales that shaped U.S. policies in Central America during the 1977 to 1987 decade. Abrams ("a General Custer in diplomatic drag" p. 197), is a special target; but others in State, Defense, and the National Security Council also receive direct hits. Combining his own ex-

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perience with a close reading of the Joint Congressional Committee's report on Iran-contra, McNeil traces the errors and lies that undermined the Casey-North schemes. Second, the book is invaluable for the recounting of McNeil's first-hand experiences: conversations with Guatemalan leaders in the aftermath of the CIA operation in 1954; his intimate involvement with the planning for the 1983 Grenada invasion; talks with Costa Rican President Oscar Arias about the Central American peace plan and U.S. opposition to it; and, of special significance, McNeil's and others' attempts to curtail U.S. government deals with drug traffickers while North tried to undercut those efforts and preserve the deals. These sections of the book are primary documents on U.S.-Central American relations in the 1970s–1980s, and even earlier.

WALTER LAFEBER
Cornell University

Renewing Italian Socialism: Nenni to Craxi *by Spencer M. DiScala. New York, Oxford University Press, 1988. 336 pp. $35.00.*

This volume is a good illustration of the historian's caveat that when one focuses on the recent past and on protagonists who are still alive the risk is high that the bit of objectivity that should remain the scholar's hallmark may be forfeited. DiScala admires Bettino Craxi and the changes the latter has wrought in the Italian Socialist party (PSI). These have paid dividends at the polls and helped to endow the PSI with governmental powers that far outweigh its electoral or legislative strength. Under Craxi, the PSI has also added considerably to the internal, as well as electoral, difficulties of the Communist Party (PCI). But if Craxi's radical transformation of the PSI has freed it from subservience to the PCI, it is not as equally clear as DiScala claims that the PSI has returned to the reformist tradition of Filippo Turati. Along the way, Italian socialism, like its European counterparts, has fallen into crisis—a matter that deserves more in-depth treatment than it is accorded in this book's closing chapters.

The author's admiration for Craxi and his preference for a socialism unfettered by Marxist-Leninist-Stalinist residues, although understandable enough, tend to get in the way of critical analysis. Thus the so-called Socialist Project that emerged under Craxi's leadership represents too sweeping a renunciation of the PSI past, too opportunistic an acceptance of the capitalist state and market, and too bloated a bag of clichés and abstract statements about egalitarianism and democratic participation to warrant the bland description and approbation it is accorded in these pages.

Similary, the PSI's radical transformation under Craxi's iron-fisted leadership invites not just description but also analysis as to how is has been received inside the PSI, and what it may tell us about the future of the Italian party system. For example, does the emergence of Bettino Craxi, along with Francois Mitterrand,

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Felipe Gonzalez, and Andreas Papandreou, portend the eclipse of catch-all mass parties, once predicted by Otto Kirschheimer, and their replacement in the age of electronically created images by a new form of *personalismo*, beside which the party machinery itself becomes a mere appendage? And is it necessarily good for the Italian republic that Italian Socialists remain single-minded in their demand that the republic's president be directly elected? A more patently self-serving attempt to disguise as a needed constitutional reform one man's monocratic ambitions is difficult to imagine.

It may well be exaggerated for Italians to draw parallels between Bettino Craxi and Benito Mussolini. But one would expect more evidence to this effect than the author's reliance on the flimsy views of a right-wing journalist. This is particularly so in view of DiScala's observations offered almost as throwaway lines that Craxi lacks the "pacific qualities" for the vocation of the priesthood he once sought, or that when Craxi wasn't tweaking Communist noses, he was literally punching them (pp. 175ff.) What is the reader supposed to make of such remarks?

DiScala is deeply steeped in PSI history. His personal interviews with a number of its major protagonists enrich his narrative. He understands the major tensions, conflicts, schisms, reunifications, and approaches to the trade unions and other parties that have shaped Italian socialism for six decades. For those who cannot directly access the Italian-language literature on this subject, this is a useful book. One must approach it, however, with the understanding that the author has really chosen sides, and that some of the darker aspects of postwar socialist history, including the critically important issue of the PSI's public morality, are too readily papered over. What can it mean, for example, to argue that the PSI has fallen deeply into corruption because as a swing party in coalitions it is offered more official positions than it has honest, qualified members available to fill them?

The acid test applied by DiScala to socialists is this: how steadfastly did each of them renounce maximalist pretentions, addiction to Marxism-Leninism, or subservience to the Communists. This posture leads him to obscure the direct contribution of the American government to the postwar Socialist party schism that came on the heels of Giuseppe Saragat's visit to the United States. As for Pietro Nenni, the author's admiration waxes and wanes, depending on how clear-headed and tough-minded the former happened to be about Communist machinations. A modest conceptual scheme, around which a few propositions are organized, and then tentatively validated or disconfirmed, would have raised the level of this study.

JOSEPH LAPALOMBARA
Yale University

Party Campaigning in the 1980s *by Paul S. Herrnson. Cambridge, Mass., Harvard University Press, 1988. 176 pp. $25.00.*

Major changes are afoot in the political parties, most of them coming on the wings of cash. Paul Herrnson documents the rise of the parties as moneyraisers with new data and with a very considerable understanding of both the parties and the

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politics of congressional campaigning. He begins with background and context. He does so largely by summarizing the development of the American parties in the last one-hundred years and by reviewing the debate over whether the parties are in decline or in rebirth or in transition. None of this will be new to specialists, but the job is neatly and concisely done, especially the contrasting of post-World War II parties with their earlier heyday at the turn of the century.

The subsequent treatment of contemporary national parties—the focus of attention narrows to them—is the longer part of the book and its major contribution. Drawing on the financial reports of party committees, scholarly and journalistic reports, interviews with party officials, and 462 questionnaire responses from candidates for the House and Senate, Herrnson describes new national party affluence and consequent influence in congressional campaigns. (In both matters, though, the Republicans have succeeded to a greater extent than the Democrats.) Both parties pursue a rational strategy of channelling more aid to competitive than noncompetitive candidates, and both also have a greater impact on House than Senate campaigns.

Those findings, not surprisingly, lead Herrnson to reject the decline-of-parties position. He sees the parties as having adapted, however slowly, to the new realities of cash-based, candidate-centered campaign politics. In their new roles they are both important spenders on the campaigns and brokers funnelling the additional aid of political action committees and individuals to them. Interestingly, Herrnson's view is probably closer to the view the parties have of themselves than it is to the impressions of candidates. The candidates, perhaps out of exaggerated self-esteem, tend to rate the party help a little less generously. And what does it all mean in the larger ambit of American politics? Herrnson notes, correctly I think, that the party resurgence has stopped short of regaining the party role in campaigns that was the norm before World War II. Candidate control of the campaigns remains substantially unchallenged. Nor has the greater strength of the national parties led to anything like a "responsible" party, that model of the programmatic party electing its candidates in mandate elections and then controlling the making of public policy.

In a real sense, then, we seem to have a stronger party role in campaigns without a stronger party role more generally in the political system. Why? In part, because the state and local parties have not shared in the gains; indeed, there is evidence that they are raising less money now than they once did. In part also because the new financial role of parties both in the nation and the states is largely limited to the legislative party (that is, the party campaign committees in each house of the Congress). It serves, therefore, the interests of legislative incumbents, rather than those of a broadly based national party. We see the strengthening only of a part of the party, a part with its own interests and agendas. Like all good books, Herrnson's raises more questions than it answers. For that reason and for its clear-headed grasp of its subject, it is important and stimulating reading.

FRANK J. SORAUF
University of Minnesota

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Jimmy Carter as President: Leadership and the Politics of the Public Good *by Erwin C. Hargrove. Baton Rouge, Louisiana State University Press, 1988. 211 pp. $24.95.*

Jimmy Carter is uncommonly fortunate to have attracted the interest of Erwin Hargrove, a student of the presidency whose work is distinguished by willingness to follow the complexity of events, scrupulous attention to evidence, and thoughtful sympathy with the subjects of his inquiries. In this book, one of a series on the Carter presidency sponsored by the Miller Center at the University of Virginia, Hargrove examines the Carter style of policy formation and public administration. Much of the evidence comes from statements drawn from the intensive series of retrospective interviews with members of the Carter administration and with Carter himself conducted under Miller Center auspices.

In characterizing Carter's style of decision making, Hargrove stresses personal attributes and preferences that will be familiar to Carter watchers: a strong desire to deal comprehensively with issues, conscientiousness about mastery of the facts, hard work, disdain for solutions driven by narrow political considerations, a high degree of confidence, and a willingness to tackle difficult problems. Somewhat less familiar is the claim that Carter's preferred form of decision making was highly collegial, ". . . meaning, simply that he liked to work with small groups of trusted advisors in a problem-solving mode with minimal formal structure" (p. 14).

Carter's own testimony implies that trusted advisers with whom he was willing to work collegially tended to include mostly members of the executive branch: "Very few of the members of Congress, or members of the major lobbying groups, or the distinguished former Democratic leaders had played much of a role in my election. . . . As an engineer and as a governor I was more inclined to move rapidly and without equivocation and without the long interminable consultations and so forth that are inherent, I think, in someone who has a more legislative attitude, or psyche, or training, or experience" (p. 15).

Thus, this book tells a story primarily about executive branch policy making and its management by the Carter White House. Three chapters on domestic, economic, and foreign policy formation make up the bulk of the book. They mostly reinforce previous knowledge about the Carter administration. Hargrove notes, for example, the increase as time went on in the influence of the hard-working and conscientious Stuart Eizenstat, the White House domestic policy adviser, at the expense of cabinet officers. He recounts the various difficulties that Carter's administrative style created for the enactment of his energy program and recalls his lack of rapport with organized labor and other traditionally Democratic interest groups. Carter's studied neglect of political considerations in policy making moderated as concerns for reelection mounted, Hargrove says; but political calculation never replaced doing homework on the merits.

Hargrove gives ample attention to the rivalry between the State Department and the National Security Council (NSC), although he does not mention that from the beginning NSC adviser Zbigniew Brzezinski had his own press officer. In Har-

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grove's telling, the ultimate dominance of the NSC was foreshadowed in the original parceling out of responsibilities among the various agencies and reflected Carter's own preferences. These were presumably reinforced by a hardening of Carter's attitude toward the Soviet Union as time went on (especially after the invasion of Afghanistan) and by Carter's disappointment that Secretary of State Cyrus Vance did not create more publicity for Carter foreign policy decisions.

Although not much of this will be startling to students of the presidency, Hargrove's sound, intelligent, and careful work—especially when read in connection with Charles O. Jones's splendid companion volume on Carter and Congress—will go a long way toward ratifying the emerging scholarly consensus on the Carter presidency.

NELSON W. POLSBY
University of California, Berkeley

Public Opinion and the Supreme Court *by Thomas R. Marshall. Winchester, Mass., Unwin Hyman, 1989. 214 pp. Cloth, $39.95; paper, $14.95.*

When Mr. Dooley alleged that the Supreme Court follows the election returns, his data base was one case. Thomas Marshall, in an ambitious empirical study of public opinion and the Court, had developed a data base of 146 situations, from the mid-1930s to 1986, where all or part of a Supreme Court decision could be directly matched or compared with a specific poll item drawn from a scientific, nationwide poll. His major finding is that in 63 percent of these decisions the Court agreed with the polls, making the Court "roughly as consistent with public opinion as other U.S. decision makers" (p. 79). Here he seems to confirm Robert Dahl's thesis of the Court as part of the dominant national alliance.

As for the positions taken by individual members of the Court, Marshall found that twenty-five justices wrote or joined at least ten opinions for which polls showing a clear majority or plurality were available. Chief Justice Charles Evans Hughes agreed with the polls in 86 percent of his votes, and Chief Justice Fred Vinson in 77 percent. But generally the rates of agreement were lower. Most members of the controversial Warren and Burger Courts were not far apart. Earl Warren and Warren Burger themselves had almost identical scores—53 and 52 percent. Marshall devotes a chapter to analysis of judicial careers and experience that might tend to promote majoritarian attitudes, such as length of tenure or influence of pressure groups, but found little of predictive value.

Marshall located 142 decisions in which a justice directly mentioned "public opinion." Most occurred in majority or concurring opinions and were not merely the tactics of dissenting justices seeking to appeal to public sentiment against a Court majority. Specific opinion polls were seldom cited, though that did occur in death penalty cases. Justices citing polls might nevertheless suggest their limited

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importance. Chief Justice Burger, dissenting in *Furman v. Georgia*, considered recent legislation a better indicator of contemporary attitudes than polls.

Marshall finds four somewhat contradictory judicial theories asserted in these direct invocations of public opinion: speech influences or informs public opinion, thus meriting protection; public opinion is an adequate check on policy; law and policy should reflect evolving public opinion; public opinion is a threat to rights and should be restrained.

Marshall's "object all sublime" is to make normative assertions about public opinion and the Court fit empirical tests. For this purpose, he proposes twelve hypothetical linkages, drawn from the research of Glen Schubert, Walter Murphy, Sheldon Goldman, and others. Each hypothesis is described briefly, reduced to an equation, and then tested in subsequent chapters. For example, the length-of-tenure linkage posits that justices grow increasingly isolated from public opinion during their Court tenure. The test-of-time model assumes that the Court's more popular rulings persist, but that its unpopular decisions are usually overturned through statutory revision, constitutional amendment, or by the Court itself.

While traditional scholars may have some problems with Marshall's methodology, they should nonetheless find much of interest in the data and the reflections on the Court as a national policy maker. The footnotes are unusually extensive.

C. HERMAN PRITCHETT
University of California, Santa Barbara

Civilian Control versus Military Rule *by Robert Previdi. New York, Hippocrene Books, 1988. 188 pp. $14.95.*

In the United States, disputes about the central organization of the armed forces gravitate towards either of two positions. The army reform view holds that civilian control as well as sound administration requires that the president and the secretary of defense be able to deal with the military through a single manager, originally called a chief of staff. The principal risk to civilian control, according to this view, is of the military circumventing civilian control from the executive branch by appealing to special interests in the Congress and playing congressional support against executive control. The chief of staff plays a critical role in preventing this, advising the civil authorities, and implementing their instructions. This viewpoint was carried out only partially when the Joint Chiefs of Staff were established by statute after World War II. Its full logic was finally given statutory expression in the Goldwater-Nichols Act of 1986; since the chairman of the Joint Chiefs has no independent power base, the service chiefs do, and strengthening the chairman strengthens civilian control.

The second view is largely but not exclusively associated with the navy. It is essentially paternalistic with reference to the relationship of the military to the civilian executive authorities. It holds that the president and the secretary of de-

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fense must not be permitted to rely on a single military adviser of their choice, because that would prevent them from weighing and evaluating competing proposals.

Army reformists rarely press their case until their own particular interests are threatened. They launched a defense reorganization campaign in the early 1980s when Defense Department budgets favored the navy at the expense of the army. Navy autonomists almost invariably employ their arguments parochially in a similar manner. They have done so in recent years to oppose the Goldwater-Nichols Act. This book is a part of that effort. It is a tract that attacks the act as a threat to civilian control of the military.

In separate chapters it briefly examines World War II, Korea, the nuclear strategy of the Eisenhower administration, the Cuban missile crisis, Vietnam, and the Goldwater-Nichols Act. Its case is not tightly argued. The historical chapters employ lessons that could fall on either side of the reorganization argument. A large part of the problem here is that civil-military norms, which are rather complicated in practice and which figure heavily in this book, are oversimplified.

The civil-military relationship has several dimensions, only one of which is to assure that the civilians have ultimate say in general military affairs. There are also questions about which civilians should prevail—the Congress or the executive—and how much independence or autonomy the military should have. In discussing these matters, neither the army reformists nor the navy autonomists have been candid in declaring their special interests or illuminating the underlying issues of governance. It is regrettable that the author, as a navy autonomist, has not explained why civilian authorities would be denied access by the Goldwater-Nichols Act to the service chiefs; why they cannot be trusted to pursue their own interests both in handling the chairman and listening when it suits them to competing advice from the service chiefs; and how the chairman could become independent of the president or the secretary of defense when he has no other base of power and the service chiefs do. This book fails because it does not address these and similar questions.

PAUL Y. HAMMOND
University of Pittsburgh

The Soviet Union and National Liberation Movements in the Third World *by Galia Golan. Winchester, Mass., Unwin Hyman, 1988. 374 pp. $49.95.*

Galia Golan has written the first full-length study on Soviet thinking and policy toward national liberation movements in the Third World during the 1970s and early 1980s. The book's prodigious research provides a wealth of useful material for students of Soviet foreign policy, both in documenting the positions espoused by prominent party, military, and institute intellectuals, and in describing actual Soviet behavior toward the numerous liberation movements.

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The first part of the book examines the voluminous Soviet literature on liberation movements and compares the views of different experts on five key variable clusters: movement origins; composition, leadership, and organization; ideology; strategy and tactics; and relationship with the Soviet bloc. On each issue, two main schools of thought are identified: an orthodox/dogmatic school that evaluated the liberation movements using a strictly class-based framework; and an emerging realist/pragmatic school with a relatively sophisticated appreciation for the importance of certain non-Marxist categories of analysis such as ethnicity, nationalism, and religion.

Part two describes actual Soviet behavior. In analyzing the factors determining policy toward any specific liberation movement, Golan concludes that none of the five variables examined earlier serves as an accurate predictor of Soviet support or opposition. Instead, factors external to the movements—Chinese involvement, Moscow's relationship with the regime that the movement is fighting, the superpower competition—are found to have the greatest explanatory power.

Golan's analysis touches on several issues of general interest to students of Soviet foreign policy. The literature review reinforces the findings of other analysts that, at least during the Brezhnev era, Soviet experts below the leadership level often engaged in genuine debates on controversial policy issues. As Golan notes, "the picture that emerges is by no means entirely the monolithic image of leadership positions merely elaborated upon, explained, justified, and propagated by teams of loyal theorists" (p. 257). Furthermore, these debates often cut across bureaucratic or institutional lines.

Golan is less successful in addressing the more intriguing, but difficult question of the connection between Soviet theory and practice. The book's blurb claiming that, "Golan demonstrates that Soviet behavior toward such movements is quite consistent with Soviet theory" is at best misleading. Golan is hard-pressed to demonstrate any influence relationship between the experts' analytical constructs and the policy calculations of the leadership. The most she can assert is that beginning in the early 1980s Moscow's relatively cautious approach to liberation movements coincided with the theoreticians' more sophisticated analyses. Golan clearly would like to claim that this was no accident, but her evidence simply does not allow her to do so.

Two other minor comments. First, the important issue of "learning" in Soviet foreign policy might have been more fully addressed. Has it occurred with regard to liberation movements? If so, is it fundamental and likely to last? Or is it cyclical and temporary? This would have required, at the very least, some comparison of the theory and behavior of the Khrushchev era with that of the Brezhnev period.

Second, while the distinction between Soviet dogmatists and pragmatists is a legitimate one with potentially important consequences, Golan might have lent her analysis some useful perspective by noting the relatively narrow parameters that ultimately characterized the debate of the 1970s. Tactical considerations aside, all theoreticians and practitioners shared one unifying assumption: the strategic goal of Soviet foreign policy was to subvert and overturn the existing international

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order. Part of the promise of Mikhail Gorbachev is the hope that this objective has finally been disavowed in favor of a commitment to making the Soviet Union an integral part of the world community.

JOHN P. HANNAH
The Washington Institute for Near East Policy

The KGB: Police and Politics in the Soviet Union *by Amy W. Knight. Winchester, Mass., Allen & Unwin, 1988. 348 pp. $34.95.*

There are several useful books on various past and present aspects of the Russian and Soviet secret police: Ronald Hingley's goes from Muscovy to 1970; the one coedited by Simon Wolin and Robert Slusser, from 1917 to the post-1953 situation; Boris Levytsky's, from 1917 to 1970. But Knight's, a single-author study that takes the story from 1917 (with a few pages on the Third Section and the Okhrana) to 1987, is more comprehensive and systematic than its predecessors. It is also more up-to-date in terms of drawing on recent Soviet and western publications, as well as of covering the post-1970 years.

The book is divided into three parts. "Origins and Evolution" gives a history of the Cheka or Vecheka (1917–1922), GPU/OGPU (1922–1934), NKVD (1934–1943), NKVD/NKGB (1943–1946), MVD/MGB (1946–1953), MVD (1953–1954), and KGB (1954 to date). Part II outlines the structure; Part III deals with the functions and includes a conclusion. Appendixes give a short table of changes (though more detailed than the one given just above); the text or paraphrase of articles from the *RSFSR* Criminal Code dealing with crimes investigated by the KGB; and three covering KGB personnel. At the end come six pages of bibliography (footnotes follow each chapter).

The author's thesis is as follows: the KGB continues to be essential. Although mass terror and violence have stopped, coercion still must be used up to a point; political persuasion and socialization are also employed on a sizable scale by the agency. The leadership still takes part in power struggles – not by torturing people in cellars but by having (and presumably using or threatening to use) "enough information on party and state officials to damage or destroy their careers." In regard to the population at large, the KGB may not only investigate, arrest, and punish (though several legal loopholes have recently been closed, some may remain) for crimes real or imagined, it also serves up warnings in quite amazingly polite fashion, appearing to place the KGB officer in the position of one's friendly neighborhood counselor.

Knight does not devote much space to the side of the KGB that kills people in automobile "accidents" and consigns them to the deliberate mistreatment of psychiatric hospitals. She does not make extensive use of the writings of émigrés and defectors, but they are in her bibliography. The 1987 terminal point of her book, coming before Viktor Chebrikov was removed as head of the KGB, may

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marginally overstate the extent to which the old attitudes and habits still reign in the agency. Doubtless they are still there. The head of the Ukrainian KGB recently boasted that it had "rendered harmless" forty Ukrainian nationalists by getting them sentenced for ordinary criminal offenses (p. 191).

Knight's contribution to our understanding of how the KGB operates may lie especially in two areas: her fine chapter on its special departments in the armed forces (part of which was previously published as an article), which makes clear their greater power than either the MPA (Main Political Administration, the political advisers) or GRU (Main Intelligence Administration) in keeping the armed forces in line; and her discussion of KGB influence on foreign policy as distinguished from simple overseas operations.

As for the most basic question of all, to what extent the KGB has independent power and authority vis-à-vis the Communist Party, she provides much evidence without trying to sum it up in a few words. Her answer seems to be: the Party controls the KGB and uses it as an instrument; yet even the Party people who may for a time serve in it or over it (as distinguished from career police, who have worked nowhere else) may develop a certain institutional identification with it and thus may strengthen its limited independent role. This well-edited volume, marred by few errors and only to a minor extent by Knight's citing and commenting on the opaque jargon of other political scientists, is unlikely to be superseded for some time.

DONALD W. TREADGOLD
University of Washington

Sino-Japanese Relations: China's Perspective *by Laura Newby. New York, Routledge, Chapman & Hall, 1988. 96 pp. Paper, $15.95.*

The current crisis in China's relations with the West, induced by the suppression of the democracy movement in June 1989, highlights the importance to China of its relationship with Japan. Since the 1978 signing of the Treaty of Peace and Friendship, as well as the Long-Term Trade Agreement, Japan has been China's most important foreign economic partner. By providing half of the development loans that China receives from the international community, the Japanese have made a vital contribution to post-Mao economic modernization.

Laura Newby's succinct and admirable monograph, which appears in the very useful series of Chatham House Papers commissioned by the Royal Institute of International Affairs, surveys contemporary Sino-Japanese economic, political, and politico-strategic relations. Correctly noting that Sino-Japanese relations are too often viewed in purely economic terms, Newby contends that "the problem of power-sharing in the Asia-Pacific region" (p. 3) provides a better and more inclusive perspective. Rather too schematically, in my opinion, she suggests that the

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relationship is evolving from an earlier stress on economic relations through a contemporary political emphasis toward a focus on strategic issues in the 1990s. Be that as it may, there is no doubt that the political and strategic dimensions deserve more of our attention.

It is a bit surprising, then, to discover that Newby devotes half of her book to Sino-Japanese economic relations. Yet what she has to say on this subject is well worth considering. Disputing the widespread notion of a natural economic complementarity between China and Japan as simplistic, she points to the numerous difficulties that bedevil economic relations with respect to trade, investment, technology transfer, and development assistance. On a familiar note, China complains of the difficulty of entering Japan's domestic market, while the Japanese complain about the generally low quality of Chinese exports. Newby concludes that the potential exists for the built-in economic imbalance to become a serious point of contention between China and Japan.

Newby's chapters on political and politico-strategic relations also underline the potential for friction and rivalry between two countries that in recent years have been experiencing nationalist revivals. Given the painful historical legacy, as well as Japan's contemporary economic superpower status, China is ever leery of Japanese power and hypersensitive to real and imagined slights and insults. The security relationship between them, as Newby indicates, must be understood within the overall context of politics in the Asia-Pacific region, where the two superpowers continue to play a dominant if slowly diminishing role. However, Newby's discussion of the strategic environment is somewhat diffuse, and she dismisses rather too quickly some of the more exotic possibilities for regional security and economic cooperation. She is undoubtedly correct in reminding us that the growing power of both China and Japan is the central fact of international relations in East Asia. History reenforces her point that Chinese and Japanese nationalism have rarely coexisted peacefully.

In the introduction to her book, Newby notes that most western analysts have examined Sino-Japanese relations from Japan's perspective more than from China's. Her own attempt to redress this imbalance is only partly successful, however. The greater amount of material from Japanese sources and the much greater openness of the Japanese political system inevitably exercise an influence on the student of Sino-Japanese relations. Nevertheless, in skillfully compressing the essentials of a vital relationship into the confines of a slim monograph, and offering sane and well-informed judgments on complex issues, she has performed a signal service. After reading Newby, students who want a fuller and deeper treatment of Sino-Japanese relations will want to turn to Allen S. Whiting's new book *China Eyes Japan* (University of California Press, 1989).

STEVEN I. LEVINE
Duke University

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Pluralism, Corporatism and Confucianism: Political Association and Conflict Regulation in the United States, Europe and Taiwan *by Harmon Zeigler. Philadelphia, Temple University Press, 1988. 249 p. $29.95.*

This is an ambitious book in scope—the first attempt to bring together under a single cover, not just the contrasting American and European literatures on pluralism and corporatism, but also to extend the discussion to interest politics in Asia. There, Zeigler claims to have discovered a third mode of "political association and conflict regulation," which he calls Confucianism. While his empirical material is restricted to Taiwan, he believes that it is characteristic of the continent as a whole, with the exception of Japan, which is placed among the high corporatist countries of Europe.

The first part of the book sets up the contrast between pluralist United States and corporatist Europe. Unlike many authors steeped in the former tradition, Zeigler is at least capable of understanding how these two configurations of organized interest differ from each other, even if he places excessive emphasis on state control and manipulation in the latter case. He misses the key point that while societal or liberal corporatism rests ultimately on the coercive authority of the state, it is neither created nor controlled by it. Not being familiar with the history or practice of these systems and depending excessively on formal definitions, he ignores the fact that they emerged precisely to avoid direct state intervention in their domains and serve presently to reduce the load of public agencies.

In his exposition of pluralism, Zeigler rightly concentrates on the key questions of the creation and maintenance of autonomous voluntary associations. As one might suspect, he engages here in a constructive dialogue with David Truman, Mancur Olson, Robert Salisbury, Terry Moe, et al. about the impact of size, entrepreneurship, selective incentives, diversity of motives, and overlap of issues. Perhaps most insightful is his insistence on the "fragile nature of participation," that is, on the high rate of turnover in group membership in such systems, and he presents some original data on renewal rates for members in different types of U.S. associations. What is unfortunate for comparative purposes is his failure to examine corporatist systems from the same perspective. He simply asserts (wrongly) that they are "not troubled by thoughts of declining membership, of selective goods, and of organizational renewal" (p. 65). I doubt if a Swedish union leader or German business association executive would agree, even though their respective problems of recruitment and support might be differently perceived and handled than in pluralist systems!

When Zeigler switches to discussing corporatism, it becomes immediately apparent that he does not have the same personal familiarity or command over the monographic literature. To compensate for this, he exploits aggregate data indicators and seeks to test for the impact of "group behavior upon government performance" through routine regression techniques. Leaving aside the fact that he has no information on *behavior*, only on *structure*, this choice leaves him very vulnerable to the work of others—specifically, to those who have devised macro-

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indicators for corporatism. Zeigler seems unaware of the controversies that various alternative scorings have generated, the temporal instability that plagues even the most carefully crafted of them, and the overaggregation that this necessarily entails. Coincidentally, the one he selects and becomes exclusively dependent upon (that of Manfred Schmidt) ranks two countries as especially high that have very distinctive systems of capital-labor relations: Japan and Switzerland. Since these countries also have relatively impressive economic performances (but also relatively low levels of governmental spending), this tends to hype the subsequent econometric results and make corporatism look suspiciously good (and to separate it from its Social-Democratic connections). There are other peculiarities of the Schmidt index that I (and others) might wish to pick on, but the real issue is the uncritical and self-confirming use of a single indicator by an analyst who does not seem to have sufficient command over the details of the units he is manipulating to enter the inevitable caveats and make the necessary course corrections.

When Zeigler turns to Asia, he resorts to an unabashedly cultural mode of explanation. His main assertion is that "the Asian form of state corporatism is often called Confucian" (p. 117). Zeigler is not unaware of the way this term of state corporatism has been applied in Latin America and Southern Europe, but that is apparently irrelevant (or could it be that they, too, are practicing some cognate form of Confucianism)? To the extent that I was capable of grasping what he believed Confucianism to be—apparently each Asian country has its own separate version—it would seem to be a system of beliefs that is intrinsically hostile to the existence of, much less the active encouragement of, all organized intermediaries between the family and public authorities. Zeigler does not even mention the fact that guilds existed in ancient Asian societies or hint that these might have been the bearers of some corporate tradition into the present—an argument sometimes made with regard to contemporary European corporatism. The chapters on "State Corporatism in Asian Society" and "Factions in Encompassing Organizations" are so confusing in their conceptualization, so incapable of bringing data to bear on their ostensible subject matter of interest associations, and so incommensurate with what has preceded them that one wonders if they were intended for the same book.

In the final empirical chapter on "Bureaucratic Encounters," Ziegler returns to one of the central themes of the book, the interaction between organized interests and state agencies. He offers an overview of Asian corporatist systems based mostly on secondary analyses and composed in a rambling, descriptive style.

The book concludes with an effort to pull together observations about the three types of interest politics. Zeigler apparently believes that "the distance between the three . . . will narrow" (p. 195) on the grounds that movement toward the center is "eminently sensible and in keeping with public preferences" (p. 196). As with so many other assertions and opinions in this book, my reaction is not so much to disagree as to wonder what he is saying and where he is coming from.

PHILIPPE C. SCHMITTER
Stanford University

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Advice and Consent: The Development of the Policy Sciences *by Peter deLeon. New York, Russell Sage Foundation, 1988. 131 pp. $17.50.*

What the author intends to achieve in this book is very clear, as is the fact that by and large he achieves it. Whether it was worth achieving is a somewhat harder question. As used here, "policy sciences" refers to the potential contribution to efficacious decisions on major social problems that any field of study might make. In other words, the unifying focus is contested social problems, and the elements brought together by this focus are the knowledge and insights on the problems that can be provided by such more particular, traditional disciplines as political science, economics, sociology, and the like. The hope of practitioners of the policy sciences is apparently to evolve a new discipline that, by holding firmly to the anchor of objectively obvious social problems demanding solution, can overcome the more isolated and sterile condition of the individual social sciences.

The author sets out to show that in the development of the policy sciences there were two primary shaping dynamics: the realities of the contributing social sciences, which provided pertinent but methodologically restrained counsel on social issues (the "advice" of the title); and the actual policy-making processes, which perform the task of determining policy on contested issues, and, in doing so, on occasion permit themselves to be guided by the advisory contributions of the social sciences (the "consent" of the title). The bulk of the volume is devoted to historical reconstruction of the disciplines' efforts to be pertinent to major policy deliberations and to government's growing willingness to be informed by those efforts. Not surprisingly, the author argues that the new creation of policy sciences has prospered and will prosper in rough proportion to the disciplines' willingness to free themselves from self-serving method restraints (in which method determines subject matter) and policy making's desire to be informed by more rigorous study rather than merely anecdotal information.

I think deLeon proves his case. The problem is that the case proves itself. There is a kind of self-evidence about it all. From one point of view, all this book is about is the need for much of American social science to rediscover certain things that Aristotle knew exceedingly well—the virtues of prudence and circumspection. Major social issues—whether and how to wage a war, how and whether to combat unemployment, whether and at what level to tax incomes to pay for such activities—do not exist in disciplinary boxes. They exist whole; they call for value choices informed by all pertinent information in a finite time frame; and they call for implementation in the least painful way knowing they will have an impact on all of society's greatly varied members. The political process exists to provide for such action; and political prudence, informed by the greatest circumspection the calendar allows, is the virtue that a political system and its players are supposed to manifest. Anyone or anything that can contribute enlightenment to that process is by definition to be welcomed, and that would include policy sciences.

But if this is all true, then the policy sciences are essentially an effort to reintegrate social study, which (perhaps to facilitate the creation of self-defining and

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self-affirming disciplinary fiefdoms) have been permitted to splinter and move away from the socially compelling issues which brought them into being originally. If there is truth to this, then this book and its topic may have a legitimate, though ironic, purpose: the policy sciences may be seen as an effort to overcome the damage done to social study by imposing quantifiable science models on a subject matter that calls for a much more diverse methodology.

QUENTIN L. QUADE
Marquette University

Urban Minority Administrators: Politics, Policy, and Style *edited by Albert K. Karnig and Paula D. McClain. New York, Greenwood Press, 1988. 166 pp. $37.95.*

Cities across the nation are advertising for a few good minority administrators. This book reports what happens once they find them. At a conference on the subject held at Arizona State University, testimonies of some of the nation's most successful minority administrators were analyzed. In addition to commiserating, they were genuinely seeking ways in which others could understand their situations. Peer acceptance is important, but so is living up to expectations of subordinates and constituencies. Testimonies also outlined dilemmas faced by ethnic newcomers to administrative leadership roles in our ethnically divided society. The joy of being among the first of their ethnic group to serve in such a highly visible position is tempted by the battle to overcome the ethnic and racial stereotypes. Although each ascendency represented social mobility for their respective communities, their place in municipal government is uncertain. Because they are seen as exceptional individuals rather than as proof of a pool of untapped minority talent, their jobs are marked by role strain and conflict. Dual roles of ethnic leaders and municipal administrators often force them to make difficult choices. Recruited as politically conscious individuals, they cannot safely ignore any of these roles. Since everyone expects them to act as a liaison to their ethnic communities and at the same time complete their regular administrative duties, they must work harder.

In the first essay, Lenneal Henderson provides a theoretical framework for understanding these vignettes. Confronting the issue of role elasticity directly, he acknowledges role stretching for these minority administrators and advocates. Those roles that overlap and contradict each other have an enervating effect on energy, loyalty, and time. Yet the context of their appointments makes role strain inevitable. Accordingly, minorities have to be competent administrators as well as sensitive spokespersons for their ethnic groups.

Grace Montanez Davis's job is a perfect example of role strain. Yet she seems to be enjoying the representative role for Los Angeles's Hispanics as well as senior staff person for the city's mayor. Sylvester Murray, former city manager of San Diego, recounts his earlier training and struggle for a job and credibility as a city manager. Despite all his awards and election to the presidency of the International

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City Managers Association, Murray left no doubt that the climb to the most prestigious manager positions has been particularly difficult for minorities.

Jo Ann Kauffman, a Seattle health administrator, represents a tiny but emerging group of Native-American administrators. She is fighting to secure a place for Indian people in the councils of municipal government. Her tasks are twofold: creating visibility for American Indians and extolling the efficacy of participation. Joel Valdez, city manager of Tucson, is faced with some of the same problems as Murray but also a unique one for his ethnic group. Reuben Greenberg, the flamboyant police chief of Charleston, South Carolina, explains his hands-on approach to law enforcement administration. Reben B. Ortega, police chief of Phoenix, relates the success of the department's affirmative action program and his acceptance as an administrator.

Karnig and McClain summarize lessons from these stories and proffer recommendations for the future. Minority administrators who establish trustee relationships with their ethnic communities saw their actions as demonstrating their commitments to change. In summary, this conference reminds us that the nation has a long way to go to overcome decades of ethnic and racial discrimination. Karnig and McClain have done an outstanding job of providing the scholarly community with a window into the world of minority administrators.

WILBUR C. RICH
Wayne State University

Wealth, Poverty and Politics *by Gordon Tullock. New York, Basil Blackwell, 1988. 209 pp. $34.95.*

Throughout a prolific career, Gordon Tullock has established himself as a leading scholar of public choice theory. In this volume, Tullock presents a sampler of his work, a collection of essays that have been previously published and that together reflect the development of his thought from 1959 to 1984. This collection will interest both beginning and advanced students of public choice theory. For beginning students, this book can serve as an introduction to important topics in public choice, such as the problems of majority voting. For the more advanced student, reading this book can be an opportunity to step back and consider how far public choice theory has progressed in the last generation.

Chapters one to four are early essays on various voting puzzles of interest to many public choice theorists. Included in these chapters is Tullock's "The General Irrelevance of the General Impossibility Theorem," which argues that the problem presented by Arrow's Paradox is "insubstantial" (p. 55). Chapters six and eight deal with logrolling and the stability of the outcomes of the logrolling process. Chapters five and seven present basic arguments about social costs. Chapter seven is a particularly interesting essay on the social costs that, according to Tullock, may be incurred in the process of attempting to reduce social costs through govern-

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ment action. In chapter nine, "The Short Way With Dissenters," Tullock considers alternative ways that governments might prevent terrorism. His dispassionate treatment of subjects such as torture and capital punishment may enflame some readers.

Like many essay collections, this volume suffers from some lack of coherence. Although the essays make an important contribution to the study of wealth, poverty, and politics, together they do not comprise a coherent whole. The introduction gives a brief history of the development of each of the essays, but does little to integrate them. Tullock's introductory comments offer intriguing, though brief insights into his own intellectual development and the state of public choice theory at the time of the publication of each essay. The reader would have benefited from even more of Tullock's careful consideration of the context within which each essay was written.

Despite these caveats, this book is important and useful. The volume is a testament to Tullock's scholarly ability and productivity. These essays are a pleasure to read, and unlike much of the recent public choice literature, the arguments are presented in a manner that is approachable by students of politics who are not familiar with the more technical literature in the field.

ANNE LENHARD REISINGER
Columbia University

The Free Enterprise City: Houston in Political and Economic Perspective *by Joe R. Feagin. New Brunswick, N.J., Rutgers University Press, 1988. 322 pp. Cloth, $36.00; paper, $12.95.*

The "Free Enterprise City" of Houston is really the city of contradictions. Feagin's rich historical analysis of Houston's economic development nicely uncovers these contradictions. In doing so, it also lays out the true story behind Houston's much celebrated economic growth and the less publicized costs of that growth. Consequently, we see two cities: one characterized by substantial intervention and subsidies and the other characterized by neglect and a harsh market system.

Contrary to popular mythology, Houston is not the shining star of the free market system. Rather it is the beneficiary of very direct hands in all aspects of economic growth. Tracing Houston's economy through its agriculture, manufacturing, banking, and oil stages, Feagin demonstrates the active participation of government in subsidizing private sector development, in providing economic regulation while limiting social regulation, and in actively soliciting federal funds.

The direct role played by key local actors in securing direct and favorable treatment from the government defies any notion of a free market. The federal connections of some of these actors, like Jesse Jones who chaired President Franklin D. Roosevelt's Reconstruction Finance Corporation and was later secretary of commerce, is further evidence that a visible hand consciously guided Houston's economic development. The oil depletion allowance is an excellent example of the significant federal role in Houston's economy.

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Houston is more than just its business community. When considered as a whole, the contradictions become quite apparent. Feagin's discussion of regulatory policy gets at the heart of this contradiction. Regulatory policy is the arch enemy of free market ideology. Nevertheless, Houston's business community has been quick to seek government regulation when profits were threatened by overproduction. The establishment of the Texas Railroad Commission, the use of the National Guard, and the lobbying for a federal czar in the 1930s were attempts by the oil industry to enforce production quotas. Such fervor has been missing in social and environmental regulation, two areas in which Houston's government lags far behind. It is here that one finds evidence of a free market city: weak to nonexistent enforcement of environmental laws, an absence of public planning (epitomized by the lack of zoning), minimal taxes, and limited social services.

Houston's rapid growth and neglect of infrastructure has resulted in serious problems of hazardous waste disposal (one of the worst in the country), water and air pollution, traffic congestion, and neighborhood deterioration. As a result of the city's uneven development and its discrimination in public service distribution, these problems disproportionately affect minorities and poor people. Ironically, Houston's low level of social welfare spending has not kept it from the fiscal fate of its more "generous" northeastern counterparts. Feagin argues that Houston's conservative tax structure and neglect of basic infrastructure have caused a fiscal crisis.

Feagin's insightful analysis suggests that the policy question is not one of government intervention versus no intervention. Rather, the question is: "What type of government intervention?" This is the key question because, as Feagin so aptly demonstrates, there are clear winners and losers. Houston is not unique in its economic development priorities, in its uneven development, or in the inequitable distribution of costs and benefits that characterize its economic growth. It is unique in its claims of a free enterprise city. However, as Feagin persuasively demonstrates, Houston's free enterprise component is as uneven as its development picture. We have laissez faire for the less powerful, and substantial government assistance for those with economic resources. In debunking the "Houston myth," Feagin's study makes an excellent contribution to the urban political economy literature.

BARBARA FERMAN
Ilinois Institute of Technology

Dilemmas of Social Democracy: The Spanish Socialist Workers Party in the 1980s *by Donald Share. Westport, Conn., Greenwood Press, 169 pp. $39.95.*

Donald Share's book is a useful introduction to perhaps the most successful political party in Europe during the past decade. Basing himself on the increasingly voluminous literature on Spain's remarkable transition to democracy, as well as

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on a careful reading of the press and of political survey data, Share brings together much pertinent information within a brief compass. The book's central purpose is "to explain both the rapid political success of the Spanish Socialist Workers Party (the PSOE) in the 1980s and [its] equally rapid abandonment of social democratic policies once in government" (p. 9). It begins with a chapter on the history of the PSOE; although inaccurate in some details, the chapter is valuable in highlighting the extreme personalization of power within the PSOE during most of its existence, the high cost of the mass mobilization and radicalization it experienced in the 1930s, the bitter internal conflicts that almost wrecked the party during the 1930s and 1940s, and the shallowness of the PSOE's intellectual tradition. Directly or indirectly, all four factors affected the nature of the modern party that began to emerge during the last year of Franco's dictatorship.

But the specific characteristics of the present-day PSOE were mostly laid out during the transition to democracy from 1975 to 1982. The chapter analyzing this period is probably Share's best. In thirty short pages the author provides an excellent survey of the many stages in the PSOE's autodefinition: its reluctant acceptance of Suarez's model of democratization without sharp political rupture, its successful juggling of moderate programs that would appeal to the electorate with a radical image capable of motivating party militants, its ability to transcend and ultimately absorb several other competing socialist parties, the elimination of effective internal dissent, and the centralization of power in the party in 1979. In this entire process, the figure of Felipe Gonzalez was central. Unlike Adolfo Suarez, the brilliant architect of Spain's transition to democracy who was nevertheless incapable of building a lasting political base, Gonzalez forged a strong party mechanism responsive to its leadership's wishes.

With the collapse of Suarez's Union of the Democratic Center (UCD) in 1982 ("one of the worst electoral drubbings of any governing party in history" p. 101), the PSOE won its chance to govern, only to prove while in office that it had evolved "from social democracy to neoliberalism" (p. 97). Share describes the process in his fourth chapter, focusing on the economic policies followed by Gonzalez's government and on its shift from opposition to NATO membership to support of it.

In the fifth chapter, Share tries to explain why the shift occurred. In addition to the historical factors and extreme centralization of party power, he emphasizes the lack of viable political alternatives to the PSOE after the dual collapse of the UCD and of the Spanish Communist Party in the 1982 elections, as well as the concordance between a now nonideological party and an equally nonideological electorate. Ultimately, this last factor is the most crucial, and one wishes that Share had devoted more space to it. Why has the Spanish electorate, traditionally Europe's most volatile, become so moderate? Why is it that the huge mass of unemployed workers (one-fifth of the total active population) not only accepts its lot with relative passivity but actually continues to vote Socialist? These are the type of intellectually interesting questions that Share's brief survey cannot do full justice to.

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The concluding chapter evaluates the PSOE's overall performance, giving it relatively high marks in comparison to past Spanish governments. Yet the book ends pessimistically, observing that the PSOE may have to pay the price for its abandonment of ideology and high degree of centralization of power around Gonzalez once it finally loses office. Then, no ideals capable of mobilizing the party rank and file will remain, and the accumulated resentments of the ideological and regional groups that have now been silenced will burst forth. Both points seem valid to me, as does almost every other major observation of this eminently sensible book. Although depth of analysis is often lacking, I know of no better introduction to Spain's hegemonic political party than Share's work.

EDWARD MALEFAKIS
Columbia University

Soviet Policy towards Japan: An Analysis of Trends in the 1970s and 1980s *by Myles L. C. Robertson. New York, Cambridge University Press, 1988. 234 pp. $39.50.*

Books of this kind always present a problem. In theory one should be able to write about country A's policy toward country B without knowing anything about country B. In practice, such an approach never really succeeds. It is always necessary to talk about country B in order to make suppositions, judgments, guesses. Robertson has fallen into this trap. He knows little about Japan and is forced to do all three at his peril.

This four-chapter book is not an analysis of all the trends in Soviet policy towards Japan. It principally covers ideology and economic and military relations. Seeking the source of Soviet ideological views of Japan at the global and regional levels and of Japan's social and political structure, Robertson discusses writings in Soviet theoretical and academic journals, conversations he had with Soviet and western academics, and writings by western scholars. As for the economic relationship, after dealing with the Siberian development projects and the politics and technical difficulties of the trade relationship, Robertson concludes that neither is really that important to either side.

Robertson treats Soviet military policy toward Japan from the standpoints of strategy in Northeast Asia and the Pacific, including conventional warfare plans and naval operations and the actual policy in operation. Part of this has been overtaken by events; but with Soviet concern over the build-up of Japanese forces and with nuclear warfighting, the scenarios for a conventional war with Japan and the use of Soviet forces as a political instrument remain valid. In discussing operations he brings together several interesting and useful charts and tables of both Japanese and Soviet military strength.

In the final chapter Robertson discusses the way in which government works in Japan and the degree of success the Soviets have had in understanding and using

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it for their own advantage. Once again there are tables of interesting information on the number of articles various Soviet journals have published on Japan, coverage of Japan in regional newspapers, Soviet radio broadcasts, and staff concerned with Japan at various institutes. In looking at the degree of Soviet understanding of Japan, Robertson considers methods of negotiating and perceptions. Robertson concludes that the Soviets really don't say much about Japan; that western analysts can sometimes be misleading; and that the relationship is more complicated than western analysts would have us believe. Nothing startling here.

Unfortunately, Robertson does less than he might to help western analysts unravel the the complicated relationship. By not building on a detailed analysis of a myriad of events, he misses much and makes quite a few errors that could have been avoided easily. Contrary to what he says, the Japanese do not always travel to the Soviet Union to negotiate; they are not always outranked by their Soviet counterparts in negotiations; and they do not always go to the Soviets for business. The important and always troublesome fisheries question has been relegated to an appendix because Robertson could not fit it neatly under the heading of economic or trade relations. Moreover, to suggest that the Soviets, particularly people like Igor Latyshev, have little knowledge of the workings of Japanese bureaucracy is to go way out on a limb.

ROBERT B. VALLIANT
University of Hawaii at Manoa

The Politics of the U.S. Cabinet: Representation in the Executive Branch, 1789–1984 *by Jeffrey E. Cohen. Pittsburgh, Pittsburgh University Press, 1988. 204 pp. $34.95.*

Jeffrey Cohen provides a detailed quantified analysis (including fifty-nine tables) of the characteristics of presidential cabinets from George Washington through Ronald Reagan's first term. Cohen addresses two types of issues: first, the demographics of age, education, region, occupation, recruitment patterns, and party affiliation for cabinet officers; second, and far more relevant for social science research, the major theoretical questions that involve representativeness and action capabilities within the political system.

The Framers considered, but eventually rejected, appending a council of any kind to the single executive. Washington soon discovered that just about the only constitutional means available for organizing the workload of government involved calling together his executive officers. Although the cabinet has no constitutional basis, it has a great deal of symbolic value. Cabinet members are not usually picked for their loyalty to the president, but rather for political reasons. Thus, John Kennedy selected Dean Rusk, a man he had never met, to serve as secretary of state and Douglas Dillon, a Republican, to serve as treasury secretary. Richard Nixon had never met his secretary of labor, George Shultz, and he appointed his

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former political adversary, George Romney, as secretary of housing and urban development.

Cohen traces these historical acts of political symbolism and concludes that an institutionally weak cabinet has political importance for government—it is the "voice of representation" in the executive branch. It is ironic that within the executive branch there could be so much representation, yet so little capability of acting. There is little collective accountability and responsibility, which clearly limits policy responsiveness. The cabinet's true value rests in its symbolic value by permitting coalition maintenance and enhancement of political goals. Presidents symbolically manipulate their cabinets, and Cohen demonstrates how the data on backgrounds of secretaries has special utility in explaining the symbolic dimensions of cabinet politics. Presidents send messages of inclusion and exclusion about their intentions for action.

Cohen concludes with a particularly interesting theoretical argument. A distinguishing element of democracy is representation; and the cabinet, with its representative qualities, helps to balance the biases of the federal bureaucracy. In theory, the cabinet's symbolic value provides a legitimizing agent for majoritarian rule and an action-oriented executive branch. In practice, however, secretaries ultimately become alienated and conflict ensues. An institutionally weak cabinet thus helps create a strengthening of the larger government.

LARRY BERMAN
University of California, Davis

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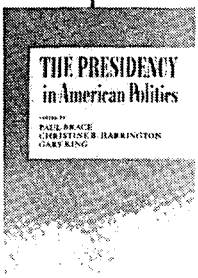

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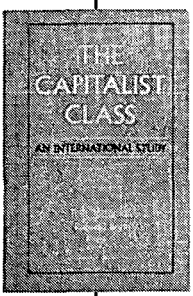

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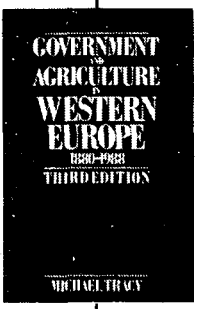

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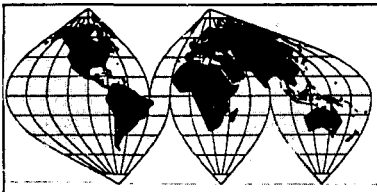

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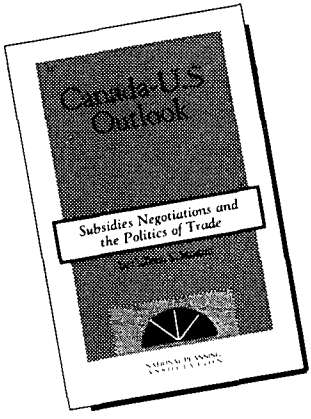

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